Consolidated Interim Financial Statements

for the first six months of 2016

Brussels
10 August 2016

CONTENTS

Developments and results

All amounts in the tables of these Consolidated Interim Financial Statements are denominated in millions of euros, unless stated otherwise.

Developments and results

Results of Ageas

The Insurance net profit amounted to EUR 608 million, compared to EUR 504 million for the same period in 2015, including EUR 60 million less net capital gains on the investment portfolio in 2016 compared to last year (-EUR 70 million in Life and +EUR 10 million in Non-life). The net result of the Life activities amounted to EUR 504 million, up EUR 122 million including EUR 200 million related to the capital gain realised on the divestment of Hong Kong. The Non-life net result declined EUR 18 million to EUR 104 million, including around EUR 60 million combined adverse impact from terrorism events in Belgium and above average weather costs in Belgium and UK. The strong operating performance was supported by higher prior year reserve releases.

The Group net result in the first half amounted to EUR 67 million negative. The General Account net result amounted to EUR 675 million negative, due to the EUR 889 million accounting impact of the settlement agreement, with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008, and accounted for in the first quarter. This was partially offset by a EUR 204 million positive impact on the General Account from the remaining part of the realized capital gain on the sale of Hong Kong.

The decrease in the RPN(I) liability to EUR 291 million led to a positive result of EUR 67 million. Staff and other operating expenses increased to EUR 53 million due to some one-off costs related to the legal settlement.

Total shareholders' equity decreased from EUR 11.4 billion or EUR 53.59 per share at the end of 2015 to EUR 10.3 billion or EUR 49.59 per share at the end of June. This decrease is mainly attributable to the negative Group result (EUR 0.1 billion), the payment of the 2015 dividend (EUR 0.3 billion), negative currency exchange differences (EUR 0.4 billion) and the ongoing share buy back programme (EUR 0.1 billion).

Life

The operating result increased strongly to EUR 324 million (vs. EUR 286 million last year) driven by higher realised capital gains especially in Belgium. This is also reflected in the Guaranteed margin that increased from 90 bps to 108 bps. The Unit-linked margin decreased from 41 bps to 28 bps reflecting a lower margin in Belgium.

The net result increased from EUR 382 million to EUR 504 million reflecting the higher operating result in the consolidated entities but also the portion of the capital gain on the sale of the Hong Kong activities allocated to the Insurance activities (EUR 200 million). The contribution from the non-consolidated partnership in Luxembourg and Asia was significantly lower as a result of volatile financial markets, and last year's profit also included a EUR 100 million exceptional investment result in Asia.

In Belgium, the net result amounted to EUR 170 million compared to EUR 141 million last year reflecting higher realised capital gains. The operating margin on Guaranteed products increased from 81 bps to 104 bps thanks to higher capital gains, while the decrease of the Unit-linked margin from 43 bps to 23 bps mainly stemmed from a lower risk and expense result.

In Continental Europe, the result was down to EUR 16 million from EUR 34 million last year, the latter including a deferred tax benefit in France (EUR 5 million). The decrease was mainly related to the quarterly fair value adjustments on the Held For Trading assets in Luxembourg and equity impairments in Portugal.

In Asia, the net result amounted to EUR 318 million (vs. EUR 207 million). While last year's result benefitted from an exceptional investment result of around EUR 100 million, this year's result included part of the capital gain on the sale of the Hong Kong activities and the release of a tax provision. The net result of AICA (Hong Kong) included for the first five months amounted to EUR 13 million compared to EUR 33 million in 2015.

Non-life

The net result of the Non-life activities amounted to EUR 104 million (vs. EUR 122 million) including a combined net negative impact of EUR 60 million related to the terrorism events in the first quarter and adverse weather in Belgium and the UK in the second quarter. This was partly offset by stronger investment results, higher prior year reserve releases and a larger contribution from all non-consolidated entities. The net result in Belgium, EUR 36 million (vs. EUR 55 million) included a cost related to the terrorism events (EUR 19 million) and above average adverse weather (EUR 28 million). In the UK the net result was down to EUR 35 million (vs. EUR 40 million) reflecting the June floods and storms (EUR 13 million). In Continental Europe, net profit decreased to EUR 19 million (vs. EUR 22 million) with better results in Italy and Turkey not offsetting the decrease in Portugal. In Asia, the net result increased to EUR 11 million (vs. EUR 5 million) benefiting from the improved operating performance and higher capital gains.

As from 2016, the Ageas Non-life result includes the results from the internal Non-life reinsurer, Intreas. The company was established mid-2015 and was previously accounted for in the General Account. Intreas reinsured EUR 21 million of premiums from the operating companies within the Group and contributed EUR 2 million to the Non-life net result.

General Account

The General Account net result for the first six months of 2016 amounted to EUR 675 million negative compared to EUR 35 million negative last year. The change primarily comes from the provision of EUR 889 million made for the Fortis settlement announced on 14 March 2016, the value difference on the RPN(I) and the capital gain related to the divestment of the Hong Kong Life operations (EUR 204 million positive).

Net cash position General account

The total liquid assets in the General Account, including EUR 0.3 billion in liquid assets with maturity over 1 year, amounted to EUR 2.1 billion, EUR 0.5 billion higher than end of 2015. The increase compared to the beginning of the year is primarily driven by the cash received from the divestment of the Hong Kong Life activities (EUR 1.2 billion).

Solvency

The Insurance solvency II_{ageas} ratio increased slightly from 182% to a strong 183% and remained above the 175% target. Group solvency II_{ageas} ratio was slightly down from 212% at year end to 209%. Compared to the previous quarter Group solvency II_{ageas} increased strongly from 180% to 209% as the General Account Own funds increased considerably following the divestment of the Hong Kong activities.

Brussels, 9 August 2016

Board of Directors

Ageas
Consolidated financial statements for the first six months of 2016

Consolidated statement of financial position

(before appropriation of profit)

	Note	30 June 2016	31 December 2015
Assets			
Cash and cash equivalents	*7*	2,259.2	2,394.3
Financial investments	*8*	67,681.6	66,547.2
Investment property	*8*	2,900.1	2,847.1
Loans	*9*	8,079.6	7,286.3
Investments related to unit-linked contracts		13,911.9	15,126.0
Investments in associates	*10*	3,016.1	2,841.4
Reinsurance and other receivables		2,298.7	2,013.9
Current tax assets	*14*	46.6	39.1
Deferred tax assets	*14*	162.6	131.2
Accrued interest and other assets		1,754.8	2,568.0
Property, plant and equipment		1,158.2	1,152.1
Goodwill and other intangible assets		1,215.3	1,539.2
Total assets		104,484.7	104,485.8
Liabilities			
Liabilities arising from Life insurance contracts	*11.1*	29,351.0	29,073.7
Liabilities arising from Life investment contracts	*11.2*	31,292.5	29,902.9
Liabilities related to unit-linked contracts	*11.3*	13,904.9	15,141.8
Liabilities arising from Non-life insurance contracts	*11.4*	7,964.1	7,463.5
Subordinated liabilities	*12*	2,295.5	2,380.4
Borrowings	*13*	2,025.9	2,787.5
Current tax liabilities	*14*	88.5	82.8
Deferred tax liabilities	*14*	1,593.5	1,565.0
RPN(I)	*15*	290.5	402.0
Accrued interest and other liabilities		2,515.5	2,373.1
Provisions	*16*	1,063.7	175.0
Liabilities related to written put options on NCI	*17*	1,147.3	1,163.1
Total liabilities		93,532.9	92,510.8
Shareholders' equity	*3*	10,337.0	11,376.1
Non-controlling interests		614.8	598.9
Total equity		10,951.8	11,975.0
Total liabilities and equity		104,484.7	104,485.8

Consolidated income statement

	Note	First half year 2016	First half year 2015	Second quarter 2016	Second quarter 2015	First quarter 2016
Income						
- *Gross premium income*		*4,915.3*	*4,731.4*	*2,294.0*	*2,245.3*	*2,621.3*
- *Change in unearned premiums*		*(124.3)*	*(106.8)*	*18.2*	*1.1*	*(142.5)*
- *Ceded earned premiums*		*(138.2)*	*(149.0)*	*(65.1)*	*(68.0)*	*(73.1)*
Net earned premiums	*21*	4,652.8	4,475.6	2,247.1	2,178.4	2,405.7
Interest, dividend and other investment income	*22*	1,488.1	1,506.7	763.7	773.4	724.4
Unrealised gain (loss) on RPN(I)		67.1	(24.0)	(6.0)	(59.6)	73.1
Result on sales and revaluations	*23*	618.8	114.3	475.0	58.8	143.8
Investment income related to unit-linked contracts		(16.3)	578.0	74.3	(360.0)	(90.6)
Share of result of associates	*10*	152.4	225.8	86.4	153.1	66.0
Fee and commission income		206.6	227.8	93.8	103.0	112.8
Other income		114.4	100.6	57.7	56.9	56.7
Total income		7,283.9	7,204.8	3,792.0	2,904.0	3,491.9
Expenses						
- *Insurance claims and benefits, gross*		*(4,564.7)*	*(4,272.7)*	*(2,217.4)*	*(2,061.1)*	*(2,347.3)*
- *Insurance claims and benefits, ceded*		*89.6*	*48.0*	*69.6*	*19.6*	*20.0*
Insurance claims and benefits, net	*24*	(4,475.1)	(4,224.7)	(2,147.8)	(2,041.5)	(2,327.3)
Charges related to unit-linked contracts		(0.8)	(619.7)	(79.7)	338.9	78.9
Financing costs	*25*	(90.8)	(82.6)	(49.0)	(41.6)	(41.8)
Change in impairments	*26*	(47.9)	(5.4)	(25.5)	(1.6)	(22.4)
Change in provisions	*16*	(887.1)	(0.7)	2.5	(1.1)	(889.6)
Fee and commission expenses		(622.4)	(637.4)	(291.0)	(306.6)	(331.4)
Staff expenses		(427.4)	(426.7)	(217.7)	(213.5)	(209.7)
Other expenses		(592.2)	(519.5)	(317.0)	(279.1)	(275.2)
Total expenses		(7,143.7)	(6,516.7)	(3,125.2)	(2,546.1)	(4,018.5)
Result before taxation		140.2	688.1	666.8	357.9	(526.6)
Tax income (expenses)		(117.6)	(126.5)	(55.9)	(82.6)	(61.7)
Net result for the period		22.6	561.6	610.9	275.3	(588.3)
Attributable to non-controlling interests		89.8	92.5	44.8	47.6	45.0
Net result attributable to shareholders		(67.2)	469.1	566.1	227.7	(633.3)
Per share data (EUR)						
Basic earnings per share	*3*	(0.32)	2.16			
Diluted earnings per share	*3*	(0.32)	2.16			

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as below.

	Note	First half year 2016	First half year 2015	Second quarter 2016	Second quarter 2015	First quarter 2016
Gross premium income		4,915.3	4,731.4	2,294.0	2,245.3	2,621.3
Inflow deposit accounting (directly recognised as liability)		749.5	660.3	348.9	253.8	400.6
Gross inflow	*21*	5,664.8	5,391.7	2,642.9	2,499.1	3,021.9

Consolidated statement of comprehensive income

	Note	First half year 2016	First half year 2015	Second quarter 2016	Second quarter 2015	First quarter 2016
Other comprehensive income						
Items that will not be reclassified to the income statement:						
Remeasurement of defined benefit liability		*(88.1)*	*39.4*	*(64.4)*	*63.4*	*(23.7)*
Related tax		*24.7*	*(12.7)*	*16.9*	*(21.3)*	*7.8*
Remeasurement of defined benefit liability		(63.4)	26.7	(47.5)	43.0	(15.9)
Total Items that will not be reclassified to the income statement:		(63.4)	26.7	(47.5)	43.0	(15.9)
Items that are or may be reclassified to the income statement:						
Change in amortisation of investments held to maturity		*10.6*	*12.2*	*5.3*	*6.2*	*5.3*
Related tax		*(2.7)*	*(3.1)*	*(1.4)*	*(1.6)*	*(1.3)*
Change in investments held to maturity	8	7.9	9.1	3.9	4.6	4.0
Change in revaluation of investments available for sale [1)]		*39.8*	*338.5*	*186.1*	*(994.7)*	*(146.3)*
Related tax		*(79.2)*	*(67.6)*	*(83.0)*	*284.0*	*3.8*
Change in revaluation of investments available for sale	8	(39.4)	270.9	103.1	(710.7)	(142.5)
Share of other comprehensive income of associates	10	5.5	130.3	(8.2)	112.9	13.7
Change in foreign exchange differences		(379.5)	280.9	(192.6)	(111.3)	(186.9)
Total Items that are or may be reclassified to the income statement:		(405.5)	691.2	(93.8)	(704.5)	(311.7)
Other comprehensive income for the period		(468.9)	717.9	(141.3)	(661.5)	(327.6)
Net result for the period		22.6	561.6	610.9	275.3	(588.3)
Total comprehensive income for the period		(446.3)	1,279.5	469.6	(386.2)	(915.9)
Net result attributable to non-controlling interests		*89.8*	*92.5*	*44.8*	*47.6*	*45.0*
Other comprehensive income attributable to non-controlling interests		*(25.9)*	*77.4*	*26.6*	*(160.4)*	*(52.5)*
Total comprehensive income attributable to non-controlling interests		63.9	169.9	71.4	(112.8)	(7.5)
Total comprehensive income attributable to shareholders		(510.2)	1,109.6	398.2	(273.4)	(908.4)

1) *Change in revaluation of investments available for sale, gross includes the revaluation of cash flow hedges and is net of currency differences and shadow accounting.*

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2015	1,709.4	2,796.1	2,320.0	325.9	475.6	2,596.3	10,223.3	688.2	10,911.5
Net result for the period					469.1		469.1	92.5	561.6
Revaluation of investments						340.7	340.7	69.6	410.3
Remeasurement IAS 19			20.6				20.6	6.1	26.7
Foreign exchange differences				279.2			279.2	1.7	280.9
Total non-owner changes in equity			20.6	279.2	469.1	340.7	1,109.6	169.9	1,279.5
Transfer			475.6		(475.6)				
Dividend			(328.9)				(328.9)	(145.6)	(474.5)
Treasury shares			(135.6)				(135.6)		(135.6)
Cancellation of shares	(53.4)	(154.7)	208.1						
Share-based compensation		1.4					1.4		1.4
Impact written put option on NCI [1)]			254.8				254.8	(52.8)	202.0
Restructuring Italy								(67.6)	(67.6)
Other changes in equity [2)]			(15.2)	(4.1)		4.1	(15.2)	(2.2)	(17.4)
Balance at 30 June 2015	1,656.0	2,642.8	2,799.4	601.0	469.1	2,941.1	11,109.4	589.9	11,699.3
Balance at 1 January 2016	1,656.0	2,644.8	2,838.1	511.9	770.2	2,955.1	11,376.1	598.9	11,975.0
Net result for the period					(67.2)		(67.2)	89.8	22.6
Revaluation of investments						(12.7)	(12.7)	(13.3)	(26.0)
Remeasurement IAS 19			(51.4)				(51.4)	(12.0)	(63.4)
Foreign exchange differences				(378.9)			(378.9)	(0.6)	(379.5)
Total non-owner changes in equity			(51.4)	(378.9)	(67.2)	(12.7)	(510.2)	63.9	(446.3)
Transfer			770.2		(770.2)				
Dividend			(338.3)				(338.3)	(118.5)	(456.8)
Increase of capital								8.5	8.5
Treasury shares			(141.7)				(141.7)		(141.7)
Cancellation of shares	(53.4)	(198.1)	251.5						
Share-based compensation		6.5					6.5		6.5
Impact written put option on NCI [1)]			(39.7)				(39.7)	55.5	15.8
Other changes in equity [2)]			(15.7)				(15.7)	6.5	(9.2)
Balance at 30 June 2016	1,602.6	2,453.2	3,273.0	133.0	(67.2)	2,942.4	10,337.0	614.8	10,951.8

1. Relates to the put option on AG Insurance shares and the put option on Interparking shares (see note 17 Liabilities related to written put options NCI).
2. Other changes in shareholders' equity includes an indemnity paid to BNP Paribas Fortis for the Ageas shares held related to the CASHES securities.

Consolidated statement of cash flow

	Note	First half year 2016		First half year 2015	
Cash and cash equivalents as at 1 January	7		2,394.3		2,516.3
Result before taxation			140.2		688.1
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	15	(67.1)		24.0	
Result on sales and revaluations	23	(618.8)		(114.3)	
Share of results in associates		(152.4)		(225.8)	
Depreciation, amortisation and accretion		377.7		401.7	
Impairments	26	47.9		5.4	
Provisions	16	887.1		2.2	
Share-based compensation expense		6.5		1.4	
Total adjustment to non-cash items included in result before taxation			*480.9*		*94.6*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	8	48.4		(66.8)	
Loans	9	(859.6)		(819.9)	
Reinsurance and other receivables		(398.2)		21.2	
Investments related to unit-linked contracts		402.4		(490.5)	
Borrowings	13	(425.6)		204.3	
Liabilities arising from insurance and investment contracts	11.1 & 11.2	933.2		23.0	
Liabilities related to unit-linked contracts	11.3	(464.5)		477.1	
Net changes in all other operational assets and liabilities		89.8		(331.3)	
Dividend received from associates		137.4		54.1	
Income tax paid		(175.4)		(66.9)	
Total changes in operating assets and liabilities			*(712.1)*		*(995.7)*
Cash flow from operating activities			(91.0)		(213.0)
Purchases of financial investments		(4,236.7)		(4,510.0)	
Proceeds from sales and redemptions of financial investments		4,300.1		4,892.9	
Purchases of investment property		(55.7)		(44.6)	
Proceeds from sales of investment property		108.4		12.7	
Purchases of property, plant and equipment		(55.8)		(32.3)	
Proceeds from sales of property, plant and equipment		0.4		0.4	
Acquisition of subsidiaries and associates (including capital increases in associates)	2	(393.2)		(106.0)	
Divestments of subsidiaries and associates (including capital repayments of associates)	2	1,041.8		4.3	
Purchases of intangible assets		(11.1)		(7.0)	
Proceeds from sales of intangible assets		5.7		1.2	
Cash flow from investing activities			703.9		211.6
Redemption of debt certificates				0.1	
Proceeds from the issuance of subordinated liabilities	12			393.8	
Redemption of subordinated liabilities	12	(76.0)		(154.9)	
Proceeds from the issuance of other borrowings	13	4.1		15.7	
Payment of other borrowings		(48.3)		(10.7)	
Purchases of treasury shares	3 & 4	(141.7)		(135.6)	
Dividends paid to shareholders of the parent companies	4	(338.3)		(328.9)	
Dividends paid to non-controlling interests	4	(118.5)		(145.6)	
Cash flow from financing activities			(718.7)		(366.3)
Effect of exchange rate differences on cash and cash equivalents			*(29.3)*		*25.8*
Cash and cash equivalents as at 30 June	7		2,259.2		2,174.4
Supplementary disclosure of operating cash flow information					
Interest received	22	1,467.5		1,521.0	
Dividend received from financial investments	22	65.2		69.0	
Interest paid	25	(109.9)		(92.8)	

General Notes

1 Summary of accounting policies

The Ageas Consolidated Interim Financial Statements for the first six months of 2016 comply with International Financial Reporting Standards (IFRS) as at 1 January 2016, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) on that date.

1.1 Basis of accounting

The accounting policies are consistent with those applied for the year ended 31 December 2015. Amended IFRS effective on 1 January 2016 with importance for Ageas (and endorsed by the EU) are listed in paragraph 1.2. The accounting policies mentioned here are a summary of the complete Ageas accounting policies, which can be found at:
https://www.ageas.com/en/about-us/supervision-audit-and-accounting-policies.

The Ageas Consolidated Interim Financial Statements are prepared on a going concern basis and are presented in euros, the functional currency of the parent company of Ageas.

Assets and liabilities recorded in the statement of financial position of Ageas have usually a duration of more than 12 months, except for cash and cash equivalents, reinsurance and other receivables, accrued interest and other assets, accrued interest and other liabilities and current tax assets and liabilities.

The most significant IFRS for the measurement of assets and liabilities as applied by Ageas are:

- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 23 for loans;
- IAS 28 for investments in associates;
- IAS 32 for written put options on non-controlling interests;
- IAS 36 for the impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for the measurement of insurance contracts;
- IFRS 7 for the disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 10 for consolidated financial statements;
- IFRS 12 for disclosure of interests in other entities;
- IFRS 13 for fair value measurements.

1.2 Changes in accounting policies

The following new or revised standards, interpretations and amendments to standards and interpretations became effective on 1 January 2016 (and are endorsed by the EU).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments provide additional guidance on the depreciation or amortization of property, plant, and equipment and intangible assets. The requirements of IAS 16 are amended to clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset, is not appropriate as this does not reflect properly the economic benefits consumed by the use of the asset. The requirements of IAS 38 are amended to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as in IAS 16.

Amendments to IAS 27: Equity Method in Separate Financial Statement

In some countries, corporate law requires the use of the equity method in separate financial statements to measure investments in subsidiaries, joint ventures and associates. Accordingly, in these countries, two sets of financial statements are required to be prepared to meet the requirements of both IAS 27 and local laws.

In response to feedback, the IASB decided to reinstate the option to use the equity method to measure investments in subsidiaries, joint ventures and associates, and to also clarify some matters related to balances with subsidiaries and joint arrangements. Ageas will not make use of this option.

Improvements to IFRS (2012-2014 cycle)

The topics addressed by the improvement project 2012-2014 which came into effect on 1 January 2016 are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution to owners or vice versa and cases in which held-for-distribution-to-owners accounting is discontinued;
- IFRS 7 Financial Instruments: Disclosures:
  - Adds additional guidance to assess whether a servicing contract that includes a fee constitutes continuing involvement in a transferred asset for the purpose of determining the disclosures required;
  - Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
- IAS 19 Employee Benefits: Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level);
- IAS 34 Interim Financial Reporting: Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference (e.g. management commentary or risk report).

Amendments to IAS 1: Disclosure initiative

The amendments clarify that:

1. Information should not be obscured by aggregating or by providing immaterial information;
2. Materiality considerations apply to the all parts of the financial statements, and
3. Even when a standard requires a specific disclosure, materiality considerations do apply.

The amendments introduce a clarification that the list of line items to be presented in the statement of the financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements. Also the order in which the notes to the financial statements are presented is flexible. Further it is clarified that an entity's share of OCI of equity-accounted associates and joint ventures should be presented based on whether or not it will subsequently be reclassified to profit or loss.

The impact of all of these IFRS amendments on our financial statements is limited.

Upcoming changes in IFRS EU

No new standards will become effective for Ageas on 1 January 2017 that would have a material impact on Shareholders' equity, Net result and/or Other Comprehensive Income.

1.3 Accounting estimates

The preparation of the Ageas Consolidated Financial Statements in conformity with IFRS, requires the use of certain estimates at the end of the reporting period. In general these estimates and the methods used have been consistent since the introduction of IFRS in 2005. Each estimate by its nature carries a significant risk of material adjustments (positive or negative) to the carrying amounts of assets and liabilities in the next financial year.

The key estimates at the reporting date are shown in the table below.

30 June 2016

Assets	Estimation uncertainty
Available for sale securities	
Financial instruments	
- Level 2	- The valuation model - Inactive markets
- Level 3	- The valuation model - Use of non-market observable input - Inactive markets
Investment property	- Determination of the useful life and residual value
Loans	- The valuation model - Parameters such as credit spread, maturity and interest rates
Associates	- Various uncertainties depending on the asset mix, operations and market developments
Goodwill	- The valuation model used - Financial and economic variables - Discount rate - The inherent risk premium of the entity
Other intangible assets	- Determination of the useful life and residual value
Deferred tax assets	- Interpretation of complex tax regulations - Amount and timing of future taxable income
Liabilities	
Liabilities for insurance contracts	
- Life	- Actuarial assumptions - Yield curve used in liability adequacy test - Reinvestment profile of the investment portfolio, credit risk spread and maturity, when determining the shadow LAT adjustment
- Non-life	- Liabilities for incurred but not reported claims - Claim adjustment expenses - Final settlement of outstanding claims
Pension obligations	- Actuarial assumptions - Discount rate - Inflation/salaries
Provisions	- The likelihood of a present obligation due to events in the past - The calculation of the best estimated amount
Deferred tax liabilities	- Interpretation of complex tax regulations
Written put options on NCI	- Estimated future fair value - Discount rate

1.4 Segment reporting

Operating segments

Ageas's reportable operating segments are primarily based on geographical regions; the results are based on IFRS. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics and are managed as such.

The operating segments are:

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- Reinsurance;
- General Account.

Activities not related to insurance and Group elimination differences are reported separately from the Insurance activities in the sixth operating segment: General Account. The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the liabilities related to CASHES/RPN(I) and the written put option on AG Insurance.

Transactions or transfers between the operating segments are made under normal commercial terms and conditions that would be available to unrelated third parties. Eliminations are reported separately.

1.5 Consolidation principles

Subsidiaries

The Ageas Consolidated Interim Financial Statements include those of ageas SA/NV (the parent company) and its subsidiaries. Investments in associates over which Ageas has significant influence, but which it does not control are accounted for using the equity method.

1.6 Foreign currency

The following table shows the exchange rates of the most relevant currencies for Ageas.

	Rates at end of period		Average rates	
1 euro =	30 June 2016	31 December 2015	First half year 2016	First half year 2015
Pound sterling	0.83	0.73	0.78	0.73
US dollar	1.11	1.09	1.12	1.12
Hong Kong dollar	8.61	8.44	8.67	8.65
Turkey lira	3.21	3.18	3.26	2.86
China yuan renminbi	7.38	7.06	7.30	6.94
Malaysia ringgit	4.43	4.70	4.57	4.06
Philippines Peso	52.24	51.00	52.33	49.72
Thailand baht	39.01	39.25	39.56	36.78

2 Acquisitions and disposals

The following significant acquisitions and disposals were made in 2016 and 2015. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 28 Events after the date of the statement of financial position.

2.1 Acquisitions in 2016

AXA's insurance operations in Portugal

On 7 August 2015, Ageas confirmed the exclusive negotiations and intention to acquire AXA's share in its Portuguese insurance operations for a total consideration of EUR 190.8 million. On 1 April 2016, Ageas completed the transaction.

AXA's Portuguese operations comprise a Non-life business (99.7% stake), a Direct/internet Non-life business (100% stake) and a Life business (95.1% stake). AXA Portugal has been renamed Ageas Seguros.

The combined operations propelled Ageas from number 6 to number 2 in Non-life in Portugal (based on gross written premiums), with a combined market share of 14.4%, alongside the existing leading position in Life.

This acquisition is an important milestone in the development of Ageas's activities in Portugal currently operated by Ocidental Group. This transaction will accelerate a shift in business mix more towards Non-life, in line with Ageas's strategy to grow further in Non-life, and, at the same time, it will provide access to a direct/internet sales platform.

The impact of Ageas Seguros on Ageas's Consolidated statement of financial position at the date of the acquisition was as follows.

Assets		Liabilities	
Cash & cash equivalents	15	Liabilities arising from insurance and investment contracts	1,472
Financial investments and loans	1,525	Liabilities related to unit-linked contracts	95
Reinsurance and other receivables	74	Current and deferred tax liabilities	27
Current and deferred tax assets	73	Accrued interest and other liabilities	91
Goodwill	149		
Other assets	36		
		Total liabilities	1,685
		Costprice	187
Total assets	1,872	Total liabilities and equity	1,872

Life insurance joint venture in Vietnam

Ageas and Muang Thai Life Assurance signed an agreement with Military Commercial Joint Stock Bank (Military Bank) to establish a joint venture in Vietnam, which will be branded MB Ageas Life.

Under the agreement, Ageas will have an equity shareholding of 29% in the new company, Muang Thai Life Assurance 10%, and Military Bank 61%. It was further agreed that Military Bank and MB Ageas Life would enter into a 15-year exclusive bancassurance agreement. The total capital investment for the three partners will amount to around EUR 46 million.

2.2 Disposals in 2016

Life insurance business in Hong Kong

On 30 August 2015, Ageas announced the agreement to sell its Life insurance business in Hong Kong to JD Capital (Beijing Tongchuangjiuding Investment Management Co.). On 12 May 2016, Ageas confirmed the completion of the transaction for a total consideration of EUR 1.22 billion.

After closing adjustments, the transaction generated a net capital gain of EUR 403 million in total of which EUR 199 million is booked in the Asian Insurance Results and EUR 204 million in the General Account. The positive impact on the net cash position amounted to EUR 1.26 billion including the impact of the novation of debt.

Total net result of the Life insurance business in Hong Kong for the period amounted to EUR 12.6 million (see note 6 Information on operating segments).

The impact of the sale of AICA on Ageas's Consolidated statement of financial position at the date of the sale was as follows.

Assets		Liabilities	
Cash & cash equivalents	339	Liabilities arising from insurance and investment contracts	2,334
Financial investments and loans	3,506	Liabilities related to unit-linked contracts	866
Reinsurance and other receivables	121	Borrowings	595
Current and deferred tax assets	155	Current and deferred tax liabilities	3
Goodwill and other intangibles	426	Accrued interest and other liabilities	161
Other assets	427		
		Total liabilities	3,959
		Equity	1,015
Total assets	4,974	Total liabilities and equity	4,974

Other disposals

On 24 June 2016, AG Real Estate sold the holding company with a controlling interest in the Wiltcher's Complex to AXA Investment Managers-Real Assets, acting on behalf of one of its clients. The transaction was valued at approximately EUR 120 million.

2.3 Acquisitions in 2015

Life insurance joint venture in Philippines

The joint venture called EastWest Ageas Life is a start-up company in which Ageas and EastWest Bank both have an equal shareholding of 50%. It was further agreed that EastWest Bank and EastWest Ageas Life would enter into a 20-year exclusive distribution agreement.

Ageas contributed capital and funding for an amount of USD 63 million or EUR 56 million (PHP 2,910 million). The initial capital injection in 2015 amounted to USD 45 million or EUR 41 million (PHP 2,010 million) which is double the minimum regulatory capital required. Ageas contributed in 2015 an amount of EUR 29 million (PHP 1,510 million). Future funding will be dependent on the performance of the business.

Other acquisitions

In Q1 2015, AG Insurance acquired for EUR 86.7 million a stake of 36% in an equity associate named Spitfire, which comprises 23 retail warehouse parks in Germany.

In the second half of 2015, AG Real Estate acquired three real estate subsidiaries: Pleyel (acquired by redemption of a debt of EUR 80 million), Galeries Saint Lambert (EUR 78 million) and Immo 3 Jean Monnet (EUR 64 million). Furthermore, AG Insurance made some other acquisitions for a total amount of around EUR 60 million.

2.4 Disposals in 2015

There were no material disposals during 2015.

3 Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2015	230,996	(11,633)	219,363
Cancelled shares	(7,218)	7,218	
Balance (acquired)/sold		(7,075)	(7,075)
Number of shares as at 31 December 2015	223,778	(11,490)	212,288
Cancelled shares	(7,208)	7,208	
Balance (acquired)/sold		(3,839)	(3,839)
Number of shares as at 30 June 2016	216,570	(8,121)	208,449

3.1 Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company the Board of Ageas was authorised for a period of three years (2016-2018) by the General Shareholders' Meeting of 27 April 2016 to increase the share capital by a maximum amount of EUR 155,400,000 for general purposes.

Applied to a fraction value of EUR 7.40, this enables the issuance of up to 21,000,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 27 Contingent liabilities).

Ageas has issued options or instruments containing option features that could, upon exercise, lead to an increase in the number of outstanding shares. The table below gives and overview of the shares issued and the potential number of shares issued as at 27 April 2016, after the General Shareholders' meeting.

in thousands	
Number of shares issued as at 30 June 2016	216,570
Number of shares cancelled per Shareholders' meeting of 27 April 2016	(7,208)
Shares that may be issued per Shareholders' meeting of 27 April 2016	21,000
In connection with option plans	970
Total potential number of shares as at 30 June 2016	231,332

The number of shares issued includes shares that relate to the FRESH convertible instrument (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is part of Ageas Group, the shares related to the FRESH are treated as treasury shares (see below) and eliminated against shareholders' equity (see note 12 Subordinated liabilities).

Treasury shares

Treasury shares are issued ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders' equity and reported in other reserves.

The total number of treasury shares (8.1 million) consists of shares held for the FRESH (4.0 million), the restricted share programme (0.1 million) and the remaining shares resulting from the share buy-back programme (4.0 million, see below). Details of the FRESH securities are provided in note 12 Subordinated liabilities.

Share buy-back programme 2015

Ageas announced on 5 August 2015 a new share buy-back programme from 17 August 2015 to 5 August 2016 for an amount of EUR 250 million.

Between 17 August 2015 and 30 June 2016, Ageas bought back 6,213,942 shares corresponding to 2.87% of the total shares outstanding and totalling EUR 227.1 million.

The General Shareholders' Meeting of 27 April 2016 approved the cancellation of 2,226,350 own shares that had been bought back until 31 December 2015.

Share buy-back programme 2014

Ageas announced on 6 August 2014 a new share buy-back programme from 11 August 2014 to 31 July 2015 for an amount of EUR 250 million.

Ageas completed on Friday 31 July 2015 the share buy-back programme announced on 6 August 2014. Between 11 August 2014 and 31 July 2015, Ageas bought back 8,176,085 shares corresponding to 3.65% of the total shares outstanding and totalling EUR 250 million.

The General Shareholders' Meeting of 29 April 2015 approved the cancellation of 3,194,473 own shares. At 27 April 2016, the General Shareholders' Meeting approved the cancellation of the remaining 4,981,612 own shares.

3.2 Shares entitled to dividend and voting rights

The table below gives an overview of the shares entitled to dividend and voting rights.

in thousands	
Number of shares issued as at 30 June 2016	216,570
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	4,105
Shares related to the FRESH (see Note 12)	3,968
Shares related to CASHES (see Note 27)	3,959
Shares entitled to voting rights and dividend	204,538

BNP Paribas Fortis SA/NV (the former Fortis Bank) issued a financial instrument called CASHES in 2007. One of the features of this instrument is that it can only be redeemed through conversion into 12.5 million Ageas shares.

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of Ageas shares outstanding). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 12 Subordinated liabilities and note 27.2 Contingent liabilities).

In 2012, BNP Paribas made a (partially successful) cash tender for the CASHES. On 6 February 2012, BNP Paribas Fortis SA/NV converted 7,553 of the tendered CASHES securities out of 12,000 CASHES securities outstanding (62.9%) into 7.9 million Ageas shares.

Ageas and BNP Paribas have agreed that BNP Paribas can purchase CASHES under the condition that they are converted into Ageas shares. In the first six months of 2016, 656 CASHES were purchased and converted. The agreement between Ageas and BNP Paribas will expire year-end 2016. At this moment, 3.9 million Ageas shares related to the CASHES are still held by BNP Paribas Fortis SA/NV.

3.3 Return on equity

Ageas calculates return on equity by dividing the net result on an annual basis for the period by the net average equity at the beginning and the end of the period.

Return on equity (excluding unrealised gains & losses) for the first six months of 2016 and 2015 is as follows.

	First half year 2016	First half year 2015
Return on equity Insurance	18.0%	14.9%

3.4 Earnings per share

The following table details the calculation of earnings per share.

	First half year 2016	First half year 2015
Net result attributable to shareholders	(67.2)	469.1
Amortisation of costs of restricted shares	6.5	1.4
Net result used to determine diluted earnings per share	(60.7)	470.5
Weighted average number of ordinary shares for basic earnings per share (in thousands)	210,230	217,497
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	508	591
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	210,738	218,088
Basic earnings per share (in euro per share)	(0.32)	2.16
Diluted earnings per share (in euro per share)	(0.32)	2.16

In the first six months of 2016, weighted average options on 969,877 shares (first six months of 2015: 1,411,835) with a weighted average exercise price of EUR 217.94 per share (first six months of 2015: EUR 226.68 per share) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares.

During 2016 and 2015, 4.0 million Ageas shares arising from the FRESH were excluded from the calculation of diluted earnings per share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 3.9 million (31 December 2015: 4.6 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 27 Contingent liabilities).

4 Regulatory supervision and solvency

The National Bank of Belgium (NBB) has designated ageas SA/NV as an Insurance Holding and as such supervises Ageas on a consolidated basis. Until year-end 2015, supervision was based on Solvency I requirements. Since 1 January 2016, Ageas has been supervised on a consolidated level based on the Solvency II framework. Both frameworks are explained in more detail in this note.

4.1 Requirements and available capital under Solvency II (not reviewed)

Since 1 January 2016, Ageas has been supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model, where the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

The consolidation scope for Solvency II is comparable to the IFRS consolidation scope. The European equity associates have been included pro rata, without any diversification benefits. All Non-European equity associates (including Turkey) have been excluded from own funds and required solvency.

The expected payout of dividends has been deducted from own funds. Furthermore, Ageas takes a conservative approach towards its eligible own funds as, in addition to the free funds belonging to third party shareholders, all diversification benefits between controlled entities are treated as non available own funds.

Ageas only applies the transitional measures relating to the grandfathering of issued debt and the extension of reporting deadlines.

The Solvency II figures have not been reviewed for both 2015 and 2016.

The reconciliation of the IFRS Shareholders' Capital to the own funds under Solvency II and the resulting solvency ratio according to the Partial Internal Model approach is as follows.

	30 June 2016	31 December 2015
IFRS Equity	10,951.8	11,975.0
Shareholders' equity	10,337.0	11,376.1
Non-controlling interest	614.8	598.9
Qualifying Subordinated Liabilities	2,295.5	2,380.0
Scope changes at IFRS value	(2,773.2)	(2,575.6)
Exclusion of expected dividend	(273.4)	(330.0)
Exclusion of Non-controlling interest of ancillary services	(232.2)	(204.7)
Derecognition of Equity Associates	(2,267.6)	(2,040.9)
Valuation differences	(1,249.7)	(1,864.3)
Revaluation of Property Investments	1,520.7	1,551.0
Derecognition of parking concessions	(401.4)	(401.6)
Derecognition of goodwill	(697.0)	(822.7)
Revaluation of Insurance related balance sheet items (Technical Provisions, Reinsurance Recoverables, VOBA and DAC)	(5,796.6)	(5,167.1)
Revaluation of assets which, under IFRS are not accounted for at fair value (Held to Maturity Bonds, Loans, Mortgages)	3,968.5	2,521.0
Tax impact on valuation differences	264.4	403.5
Other	(108.3)	51.6
Total Solvency II Own Funds	9,224.4	9,915.1
Non Transferable Own Funds	(473.5)	(491.4)
Total Eligible Solvency II Own Funds	8,750.9	9,423.7
Group Required Capital under Partial Internal Model (SCR)	4,255.9	4,565.7
Capital Ratio	205.6%	206.4%

	30 June 2016	31 December 2015
Total Eligible Solvency II Own Funds, of which:	8,750.9	9,423.7
Tier 1	6,272.6	6,939.0
Tier 1 restricted	1,568.2	1,823.7
Tier 2	710.2	494.9
Tier 3	199.9	166.1

The composition of the capital solvency requirements can be summarised as follows:

	30 June 2016	31 December 2015
Market Risk	4,455.4	4,792.6
Counterparty Default Risk	344.1	327.4
Life Underwriting Risk	792.9	791.1
Health Underwriting Risk	519.1	357.7
Non-life Underwriting Risk	841.2	805.6
Diversification between above mentioned risks	(1,674.6)	(1,564.4)
Non Diversifiable Risks	694.6	671.0
Loss-Absorption through Technical Provisions	(407.7)	(487.1)
Loss-Absorption through Deferred Taxes	(1,309.1)	(1,128.2)
Group Required Capital under Partial Internal Model (SCR)	4,255.9	4,565.7
Impact of Non-life Internal Model on Non-life Underwriting Risk	289.0	363.2
Impact of Non-life Internal Model on Diversification between risks	(166.1)	(194.6)
Impact of Non-life Internal Model on Loss-Absorption through Deferred Taxes	26.3	19.4
Group Required Capital under the SII Standard Formula	4,405.1	4,753.7

4.2 Ageas capital management under Solvency II

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk. In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds. This increases the SCR for EU government bonds and decreases the spread risk for all other bonds. This SCR is called the SCR_{ageas}.

Ageas targets a minimum aggregate Solvency II capital ratio of 175% of the solvency capital requirements at the total insurance level.

The SCR_{ageas} can be reconciled to the SCR Partial Internal Model as follows:

	30 June 2016	31 December 2015
Group Partial Internal Model SCR	4,255.9	4,565.7
Exclude impact General Account	(56.3)	(32.0)
Insurance Partial Internal Model SCR	4,199.6	4,533.7
Additional Spread Risk	(83.7)	(31.0)
Less Diversification	(23.7)	(123.7)
Less Deferred Tax Loss Mitigation	38.7	13.0
SCR_{ageas}	4,130.9	4,392.0

	30 June 2016	31 December 2015
Group Eligible Solvency II Own Funds under Partial Internal Model	8,750.9	9,423.7
Exclusion of General Account	(1,153.6)	(1,358.0)
Recalculation of Non Transferable	(32.0)	(57.7)
Insurance Eligible Solvency II_{ageas} Own Funds	7,565.3	8,008.0

The decrease in SCR from Partial Internal Model to SCR_{ageas} increases the Non Transferable Own Funds by EUR 32 million (31 December 2015: EUR 57 million) as the buffer that is allocated to minority shareholders is larger due to the lower SCR at the not fully held subsidiaries.

Capital position Ageas per segment, based on the SCR_{ageas}.

	30 June 2016			31 December 2015		
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	7,036.8	2,859.7	246.1%	6,911.8	2,852.0	242.3%
UK	998.0	745.1	133.9%	1,099.1	843.0	130.4%
Continental Europe	980.7	863.0	113.6%	943.0	722.0	130.6%
Asia				574.8	321.0	179.1%
Reinsurance	104.0	42.1	247.0%			
Non Transferable Own Funds/Diversification	(1,554.2)	(379.0)		(1,520.7)	(346.0)	
Total Insurance	7,565.3	4,130.9	183.1%	8,008.0	4,392.0	182.3%
Impact of the inclusion of the General Account	1,159.0	51.0		1,359.0	34.0	
Ageas	8,724.3	4,181.9	208.6%	9,367.0	4,426.0	211.6%

5 Related parties

Parties related to Ageas include associates, pension funds, Board Members (i.e. Non-Executive and Executive Members of the Ageas Board of Directors), executive managers, close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities. Ageas frequently enters into transactions with related parties in the course of its business operations. Such transactions mainly concern loans, deposits and reinsurance contracts and are entered into under the same commercial and market terms that apply to non-related parties.

Ageas companies may grant credits, loans or guarantees in the normal course of business to Board Members and executive managers or to close family members of the Board Members or close family members of executive managers.

As at 30 June 2016, no outstanding loans, credits or bank guarantees have been granted to Board Members and executive managers or to close family members of the Board members and close family members of executive managers.

Except for accrued interest on the loans to DTH Partners LLC, there were no other changes in the related party transactions compared to year-end 2015.

6 Information on operating segments

6.1 General information

Ageas has an organisational structure with an Executive Committee and a Management Committee consisting of the members of the Executive Committee, the Chief Executive Officers of the four geographical regions and the Group Risk Officer.

Operating segments

Ageas is organised in operating segments (for details see below):

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- Reinsurance;
- General Account.

Ageas has decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, i.e. Belgium, United Kingdom, Continental Europe, Asia and Reinsurance. In addition, Ageas reports activities that are not related to the core insurance business, such as Group financing and other holding activities, in the General Account, which is treated as a separate operating segment.

Ageas's segment reporting based on IFRS reflects the full economic contribution of the businesses of Ageas. The aim is direct allocation to the businesses of all statements of financial positions and income statement items for which the businesses have full managerial responsibility.

Transactions between the different businesses are executed under standard commercial terms and conditions.

Allocation rules

In accordance with Ageas's business model, insurance companies report support activities directly in the business.

When allocating items from the statement of financial position to operating segments, a bottom-up approach is used based on the products sold to external customers.

For the items in the statement of financial position not related to products sold to customers, a tailor-made methodology adapted to the specific business model of each reportable segment is applied.

6.2 Belgium

The Belgian insurance activities, operating under the name of AG Insurance, have a longstanding history. The company serves approximately 3.5 million customers and its premium income amounted EUR 5.2 billion in 2015. Some 67% of this income came from Life insurance; the remainder from Non-life insurance. AG Insurance is also the 100% owner of AG Real Estate, which manages its real estate activities and has grown into the largest real estate group in Belgium.

AG Insurance targets private individuals as well as small, medium-sized and large companies. It offers its customers a comprehensive range of Life and Non-life insurance through various channels such as independent brokers and via the bank channels of BNP Paribas Fortis SA/NV and its subsidiaries. AG Employee Benefits is the dedicated business unit offering group pension and health care solutions, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis SA/NV owned 25% of AG Insurance.

6.3 United Kingdom (UK)

Ageas's business in the UK is a leading national provider of Non-life insurance solutions. The UK business has a strong presence in the personal lines market and is continuing to expand its commercial lines proposition. The UK business is the affinity partner of a number of very strong brands including Tesco Bank, John Lewis Partnership, Age UK and Toyota (GB) Limited. The UK business adopts a multi-channel distribution strategy across brokers, affinity partners and own distribution. Its 100% owned subsidiaries include Ageas 50 (former RIAS and Castle Cover) which have over a million customers in the growing 50-plus market segment and Ageas Insurance Solutions, which provides white label solutions to affinity partners, outsourcing services as well as direct internet promotion of its own brands.

Until 2015 Ageas divided the UK results into two sub-segments Non-life and Other Insurance. Other Insurance included the results of its retail operations and UK head offices costs. As from the first quarter 2016, the former Other Insurance segment has been integrated with the Non-life segment following the full integration of the distribution activities within the Non-life sales organisation.

6.4 Continental Europe

Continental Europe consists of the insurance activities of Ageas in Europe, excluding Belgium and the United Kingdom. Ageas is active in five markets: Portugal, France, Italy and Luxembourg and since 2011 Turkey, the product range includes Life (in Portugal, France and Luxembourg) and Non-life (in Portugal, Italy and Turkey). Access to markets is facilitated by a number of key partnerships with companies enjoying a sizeable position in their respective markets.

In 2015, about 80% of total inflows were Life related and the remainder was Non-life related.

6.5 Asia

Ageas is active in a number of countries in Asia with its regional office based in Hong Kong. The activities are organised in the form of joint ventures with leading local partners and financial institutions in China (20-24.9% owned by Ageas), Malaysia (30.95% owned by Ageas), Thailand (15-31% owned by Ageas), India (26% owned by Ageas), Philippines (50% owned by Ageas) and Vietnam (32% owned by Ageas). In terms of reporting, these stakes are accounted for as equity associates.

6.6 Reinsurance

Intreas is the internal Non-life reinsurer of Ageas, established in 2015 with the aim to optimize Ageas's Group Non-life reinsurance programmes. In 2015, Intreas figures were reported under the General Account. As from 2016 onwards, the activities of Intreas are presented as a separate segment within Insurance and more specifically within the Non-life activities.

Intreas started writing business in the second half of 2015 and is in the process of building a larger book of business as from 2016 onwards.

6.7 General Account

The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the liabilities related to CASHES/RPN(I) and the written put option on AG Insurance.

6.8 Statement of financial position by operating segment

30 June 2016	Belgium	UK	Continental Europe	Asia	Re-insurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets										
Cash and cash equivalents	826.4	133.1	460.0	4.3	9.5		1,433.3	825.9		2,259.2
Financial investments	54,741.4	2,345.7	10,000.7		99.0		67,186.8	505.4	(10.6)	67,681.6
Investment property	2,793.2	41.4	65.5				2,900.1			2,900.1
Loans	7,166.1	78.1	26.4				7,270.6	1,438.0	(629.0)	8,079.6
Investments related to unit-linked contracts	6,885.6		7,026.3				13,911.9			13,911.9
Investments in associates	465.7	100.6	263.5	2,138.0			2,967.8	41.8	6.5	3,016.1
Reinsurance and other receivables	871.4	828.2	339.4	3.0	32.7	(37.3)	2,037.4	265.5	(4.2)	2,298.7
Current tax assets		1.6	45.0				46.6			46.6
Deferred tax assets	27.1	21.4	114.1				162.6			162.6
Accrued interest and other assets	1,200.2	329.1	220.4	0.6	0.9		1,751.2	119.9	(116.3)	1,754.8
Property, plant and equipment	1,097.7	50.2	9.5				1,157.4	0.8		1,158.2
Goodwill and other intangible assets	400.6	261.8	552.9				1,215.3			1,215.3
Total assets	76,475.4	4,191.2	19,123.7	2,145.9	142.1	(37.3)	102,041.0	3,197.3	(753.6)	104,484.7
Liabilities										
Liabilities arising from Life insurance contracts	25,180.0		4,175.9				29,355.9		(4.9)	29,351.0
Liabilities arising from Life investment contracts	27,118.8		4,173.7				31,292.5			31,292.5
Liabilities related to unit-linked contracts	6,885.6		7,019.3				13,904.9			13,904.9
Liabilities arising from Non-life insurance contracts	3,999.0	2,576.2	1,381.4		35.5	(28.0)	7,964.1			7,964.1
Subordinated liabilities	1,336.7	162.8	175.0				1,674.5	1,250.0	(629.0)	2,295.5
Borrowings	1,870.3	114.2	41.4				2,025.9			2,025.9
Current tax liabilities	63.4	5.3	19.8				88.5			88.5
Deferred tax liabilities	1,508.2	0.4	84.3				1,592.9	0.6		1,593.5
RPN(I)								290.5		290.5
Accrued interest and other liabilities	1,797.6	249.4	385.9	4.4	2.7	(9.6)	2,430.4	193.6	(108.5)	2,515.5
Provisions	23.3	4.0	11.0				38.3	1,025.4		1,063.7
Liabilities related to written put options on NCI	106.3						106.3	1,041.0		1,147.3
Total liabilities	69,889.2	3,112.3	17,467.7	4.4	38.2	(37.6)	90,474.2	3,801.1	(742.4)	93,532.9
Shareholders' equity	4,756.7	1,078.9	1,301.2	2,141.5	103.9	0.7	9,382.9	965.7	(11.6)	10,337.0
Non-controlling interests	1,829.5		354.8			(0.4)	2,183.9	(1,569.5)	0.4	614.8
Total equity	6,586.2	1,078.9	1,656.0	2,141.5	103.9	0.3	11,566.8	(603.8)	(11.2)	10,951.8
Total liabilities and equity	76,475.4	4,191.2	19,123.7	2,145.9	142.1	(37.3)	102,041.0	3,197.3	(753.6)	104,484.7
Number of employees	6,182	3,981	1,676	68	4		11,911	136		12,047

31 December 2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	934.6	209.6	219.4	194.5	836.2		2,394.3
Financial investments	52,600.3	2,582.9	8,567.4	2,436.4	370.9	(10.7)	66,547.2
Investment property	2,781.2	46.9	19.0				2,847.1
Loans	6,561.6	78.0	30.3	248.6	1,534.9	(1,167.1)	7,286.3
Investments related to unit-linked contracts	6,991.2		7,225.5	931.4		(22.1)	15,126.0
Investments in associates	434.1	96.8	262.8	1,991.6	48.9	7.2	2,841.4
Reinsurance and other receivables	766.3	869.9	250.1	124.4	8.6	(5.4)	2,013.9
Current tax assets	2.7	9.4	27.0				39.1
Deferred tax assets	40.4	37.4	53.4				131.2
Accrued interest and other assets	1,418.6	314.6	226.5	571.8	165.8	(129.3)	2,568.0
Property, plant and equipment	1,079.6	58.7	7.1	5.9	0.8		1,152.1
Goodwill and other intangible assets	394.9	294.3	415.0	435.0			1,539.2
Total assets	74,005.5	4,598.5	17,303.5	6,939.6	2,966.1	(1,327.4)	104,485.8
Liabilities							
Liabilities arising from Life insurance contracts	23,673.8		3,161.4	2,243.3		(4.8)	29,073.7
Liabilities arising from Life investment contracts	25,671.1		4,231.1	0.7			29,902.9
Liabilities related to unit-linked contracts	6,991.2		7,219.2	931.4			15,141.8
Liabilities arising from Non-life insurance contracts	3,779.1	2,908.9	771.8		3.7		7,463.5
Subordinated liabilities	1,440.6	183.4	178.0		1,345.1	(766.7)	2,380.4
Borrowings	2,255.3	141.9	26.8	584.1	201.9	(422.5)	2,787.5
Current tax liabilities	61.0	2.6	17.3	1.9			82.8
Deferred tax liabilities	1,517.2	0.4	44.4		3.0		1,565.0
RPN(I)					402.0		402.0
Accrued interest and other liabilities	1,683.4	226.9	320.8	168.8	96.3	(123.1)	2,373.1
Provisions	23.5	5.8	7.7		138.0		175.0
Liabilities related to written put options on NCI	99.1				1,064.0		1,163.1
Total liabilities	67,195.3	3,469.9	15,978.5	3,930.2	3,254.0	(1,317.1)	92,510.8
Shareholders' equity	4,932.0	1,128.6	976.5	3,009.4	1,339.9	(10.3)	11,376.1
Non-controlling interests	1,878.2		348.5		(1,627.8)		598.9
Total equity	6,810.2	1,128.6	1,325.0	3,009.4	(287.9)	(10.3)	11,975.0
Total liabilities and equity	74,005.5	4,598.5	17,303.5	6,939.6	2,966.1	(1,327.4)	104,485.8
Number of employees	6,163	4,289	879	462	126		11,919

6.9 Income statement by operating segment

First half year 2016	Belgium	UK	Continental Europe	Asia	Re-insurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*3,065.6*	*928.1*	*777.8*	*143.9*	*21.3*	*(21.3)*	*4,915.4*		*(0.1)*	*4,915.3*
- *Change in unearned premiums*	*(79.8)*	*(39.7)*	*(4.8)*				*(124.3)*			*(124.3)*
- *Ceded earned premiums*	*(29.0)*	*(59.1)*	*(47.0)*	*(12.1)*	*(12.3)*	*21.3*	*(138.2)*			*(138.2)*
Net earned premiums	2,956.8	829.3	726.0	131.8	9.0		4,652.9		(0.1)	4,652.8
Interest, dividend and other investment income	1,266.8	36.4	129.5	50.7	0.5		1,483.9	21.7	(17.5)	1,488.1
Unrealised gain (loss) on RPN(I)								67.1		67.1
Result on sales and revaluations	198.7	10.5	9.3	203.3	(0.3)		421.5	197.3		618.8
Income related to investments for unit-linked contracts	(70.9)		85.2	(30.6)			(16.3)			(16.3)
Share of result of associates	1.1	4.4	5.9	128.5			139.9	12.5		152.4
Fee and commission income	64.0	62.0	52.2	28.3	0.9	(0.8)	206.6			206.6
Other income	87.9	24.1	5.0	3.4		(2.1)	118.3	3.7	(7.6)	114.4
Total income	4,504.4	966.7	1,013.1	515.4	10.1	(2.9)	7,006.8	302.3	(25.2)	7,283.9
Expenses										
- *Insurance claims and benefits, gross*	*(3,235.5)*	*(577.5)*	*(635.3)*	*(113.2)*	*(31.2)*	*27.8*	*(4,564.9)*		*0.2*	*(4,564.7)*
- *Insurance claims and benefits, ceded*	*60.5*	*12.2*	*13.2*	*4.5*	*27.0*	*(27.8)*	*89.6*			*89.6*
Insurance claims and benefits, net	(3,175.0)	(565.3)	(622.1)	(108.7)	(4.2)		(4,475.3)		0.2	(4,475.1)
Charges related to unit-linked contracts	63.6		(92.4)	28.0			(0.8)			(0.8)
Financing costs	(55.0)	(4.5)	(13.6)	(18.0)			(91.1)	(17.1)	17.4	(90.8)
Change in impairments	(14.7)		(16.8)	(5.3)			(36.8)	(11.1)		(47.9)
Change in provisions	1.0	(1.0)	0.2				0.2	(887.3)		(887.1)
Fee and commission expenses	(330.3)	(168.3)	(86.7)	(35.0)	(2.8)	0.7	(622.4)			(622.4)
Staff expenses	(250.2)	(99.8)	(38.8)	(22.9)			(411.7)	(15.7)		(427.4)
Other expenses	(380.2)	(84.8)	(72.6)	(23.2)	(0.9)	2.2	(559.5)	(40.3)	7.6	(592.2)
Total expenses	(4,140.8)	(923.7)	(942.8)	(185.1)	(7.9)	2.9	(6,197.4)	(971.5)	25.2	(7,143.7)
Result before taxation	363.6	43.0	70.3	330.3	2.2		809.4	(669.2)		140.2
Tax income (expenses)	(79.7)	(8.2)	(22.8)	(1.3)			(112.0)	(5.6)		(117.6)
Net result for the period	283.9	34.8	47.5	329.0	2.2		697.4	(674.8)		22.6
Attributable to non-controlling interests	77.9		11.9				89.8			89.8
Net result attributable to shareholders	206.0	34.8	35.6	329.0	2.2		607.6	(674.8)		(67.2)
Total income from external customers	4,508.0	971.0	1,016.6	515.4			7,011.0	272.9		7,283.9
Total income internal	(3.6)	(4.3)	(3.5)		10.1	(2.9)	(4.2)	29.4	(25.2)	
Total income	4,504.4	966.7	1,013.1	515.4	10.1	(2.9)	7,006.8	302.3	(25.2)	7,283.9
Non-cash expenses (excl. depreciation & amortisation)	(168.2)		(9.6)	(36.2)			(214.0)			(214.0)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

First half year 2016	Belgium	UK	Continental Europe	Asia	Re-insurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	3,065.6	928.1	777.8	143.9	21.3	(21.3)	4,915.4		(0.1)	4,915.3
Inflow deposit accounting	223.6		486.5	39.4		-	749.5			749.5
Gross inflow	3,289.2	928.1	1,264.3	183.3	21.3	(21.3)	5,664.9		(0.1)	5,664.8

First half year 2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income*	*2,630.2*	*930.7*	*981.7*	*188.9*		*(0.1)*	*4,731.4*
- *Change in unearned premiums*	*(76.0)*	*(18.1)*	*(12.7)*				*(106.8)*
- *Ceded earned premiums*	*(33.3)*	*(62.8)*	*(37.9)*	*(15.0)*			*(149.0)*
Net earned premiums	2,520.9	849.8	931.1	173.9		(0.1)	4,475.6
Interest, dividend and other investment income	1,289.4	33.9	119.0	65.9	27.7	(29.2)	1,506.7
Unrealised gain (loss) on RPN(I)					(24.0)		(24.0)
Result on sales and revaluations	82.5	4.0	20.7	1.8	5.3		114.3
Income related to investments for unit-linked contracts	297.9		222.4	57.7			578.0
Share of result of associates	1.4	4.3	12.7	191.6	15.8		225.8
Fee and commission income	79.2	50.4	52.8	45.4			227.8
Other income	60.2	44.5	1.4	0.5	3.0	(9.0)	100.6
Total income	4,331.5	986.9	1,360.1	536.8	27.8	(38.3)	7,204.8
Expenses							
- *Insurance claims and benefits, gross*	*(2,695.2)*	*(567.7)*	*(853.9)*	*(156.1)*		*0.2*	*(4,272.7)*
- *Insurance claims and benefits, ceded*	*12.0*	*20.8*	*8.9*	*6.3*			*48.0*
Insurance claims and benefits, net	(2,683.2)	(546.9)	(845.0)	(149.8)		0.2	(4,224.7)
Charges related to unit-linked contracts	(307.7)		(250.5)	(61.5)			(619.7)
Financing costs	(55.6)	(4.1)	(5.3)	(22.6)	(24.1)	29.1	(82.6)
Change in impairments	(2.4)		(2.6)	(0.4)			(5.4)
Change in provisions	0.1	(0.8)	(0.4)		0.4		(0.7)
Fee and commission expenses	(332.3)	(177.7)	(76.0)	(51.4)			(637.4)
Staff expenses	(248.3)	(113.2)	(32.1)	(23.6)	(11.4)	1.9	(426.7)
Other expenses	(334.0)	(96.1)	(57.7)	(13.8)	(25.0)	7.1	(519.5)
Total expenses	(3,963.4)	(938.8)	(1,269.6)	(323.1)	(60.1)	38.3	(6,516.7)
Result before taxation	368.1	48.1	90.5	213.7	(32.3)		688.1
Tax income (expenses)	(97.7)	(7.9)	(16.5)	(2.1)	(2.3)		(126.5)
Net result for the period	270.4	40.2	74.0	211.6	(34.6)		561.6
Attributable to non-controlling interests	73.9		18.6				92.5
Net result attributable to shareholders	196.5	40.2	55.4	211.6	(34.6)		469.1
Total income from external customers	4,324.9	965.5	1,360.1	532.8	21.5		7,204.8
Total income internal	6.6	21.4		4.0	6.3	(38.3)	
Total income	4,331.5	986.9	1,360.1	536.8	27.8	(38.3)	7,204.8
Non-cash expenses (excl. depreciation & amortisation)	(39.6)		(185.8)	(0.6)			(226.0)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

First half year 2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	2,630.2	930.7	981.7	188.9		(0.1)	4,731.4
Inflow deposit accounting	231.5		348.4	80.4			660.3
Gross inflow	2,861.7	930.7	1,330.1	269.3		(0.1)	5,391.7

6.10 Statement of financial position split into Life, Non-life and Other Insurance

30 June 2016	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets							
Cash and cash equivalents	993.5	439.8		1,433.3	825.9		2,259.2
Financial investments	59,198.7	7,988.1		67,186.8	505.4	(10.6)	67,681.6
Investment property	2,601.5	298.6		2,900.1			2,900.1
Loans	6,369.7	938.6	(37.7)	7,270.6	1,438.0	(629.0)	8,079.6
Investments related to unit-linked contracts	13,911.9			13,911.9			13,911.9
Investments in associates	2,549.7	418.1		2,967.8	41.8	6.5	3,016.1
Reinsurance and other receivables	495.3	1,579.9	(37.8)	2,037.4	265.5	(4.2)	2,298.7
Current tax assets	19.4	27.2		46.6			46.6
Deferred tax assets	70.0	92.6		162.6			162.6
Accrued interest and other assets	1,232.0	519.2		1,751.2	119.9	(116.3)	1,754.8
Property, plant and equipment	971.5	185.9		1,157.4	0.8		1,158.2
Goodwill and other intangible assets	688.7	526.6		1,215.3			1,215.3
Total assets	89,101.9	13,014.6	(75.5)	102,041.0	3,197.3	(753.6)	104,484.7
Liabilities							
Liabilities arising from Life insurance contracts	29,355.9			29,355.9		(4.9)	29,351.0
Liabilities arising from Life investment contracts	31,292.5			31,292.5			31,292.5
Liabilities related to unit-linked contracts	13,904.9			13,904.9			13,904.9
Liabilities arising from Non-life insurance contracts		7,992.1	(28.0)	7,964.1			7,964.1
Subordinated liabilities	1,242.7	469.4	(37.6)	1,674.5	1,250.0	(629.0)	2,295.5
Borrowings	1,676.0	349.9		2,025.9			2,025.9
Current tax liabilities	61.2	27.3		88.5			88.5
Deferred tax liabilities	1,241.9	351.0		1,592.9	0.6		1,593.5
RPN(I)					290.5		290.5
Accrued interest and other liabilities	1,505.3	935.6	(10.5)	2,430.4	193.6	(108.5)	2,515.5
Provisions	21.5	16.8		38.3	1,025.4		1,063.7
Liabilities related to written put options on NCI	84.9	21.4		106.3	1,041.0		1,147.3
Total liabilities	80,386.8	10,163.5	(76.1)	90,474.2	3,801.1	(742.4)	93,532.9
Shareholders' equity	6,798.7	2,583.7	0.5	9,382.9	965.7	(11.6)	10,337.0
Non-controlling interests	1,916.4	267.4	0.1	2,183.9	(1,569.5)	0.4	614.8
Total equity	8,715.1	2,851.1	0.6	11,566.8	(603.8)	(11.2)	10,951.8
Total liabilities and equity	89,101.9	13,014.6	(75.5)	102,041.0	3,197.3	(753.6)	104,484.7
Number of employees	3,969	7,942		11,911	136		12,047

31 December 2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	1,173.5	331.2	53.4	836.2		2,394.3
Financial investments	58,887.4	7,299.4	0.2	370.9	(10.7)	66,547.2
Investment property	2,562.8	284.3				2,847.1
Loans	6,136.3	734.2	48.0	1,534.9	(1,167.1)	7,286.3
Investments related to unit-linked contracts	15,148.1				(22.1)	15,126.0
Investments in associates	2,400.5	384.8		48.9	7.2	2,841.4
Reinsurance and other receivables	576.7	1,245.9	209.5	9.1	(27.3)	2,013.9
Current tax assets	28.9	7.7	2.5			39.1
Deferred tax assets	61.9	63.1	6.2			131.2
Accrued interest and other assets	2,101.4	424.3	25.2	165.8	(148.7)	2,568.0
Property, plant and equipment	964.0	175.3	12.0	0.8		1,152.1
Goodwill and other intangible assets	1,080.5	164.4	294.3			1,539.2
Total assets	91,122.0	11,114.6	651.3	2,966.6	(1,368.7)	104,485.8
Liabilities						
Liabilities arising from Life insurance contracts	29,078.5				(4.8)	29,073.7
Liabilities arising from Life investment contracts	29,902.9					29,902.9
Liabilities related to unit-linked contracts	15,141.8					15,141.8
Liabilities arising from Non-life insurance contracts		7,459.8		3.7		7,463.5
Subordinated liabilities	1,363.1	391.8	47.1	1,345.1	(766.7)	2,380.4
Borrowings	2,651.3	216.4	140.4	201.9	(422.5)	2,787.5
Current tax liabilities	48.1	32.2	2.5			82.8
Deferred tax liabilities	1,315.2	246.8		3.0		1,565.0
RPN(I)				402.0		402.0
Accrued interest and other liabilities	1,630.0	708.5	102.2	96.8	(164.4)	2,373.1
Provisions	21.7	15.3		138.0		175.0
Liabilities related to written put options on NCI	81.7	17.4		1,064.0		1,163.1
Total liabilities	81,234.3	9,088.2	292.2	3,254.5	(1,358.4)	92,510.8
Shareholders' equity	8,040.1	1,647.3	359.1	1,339.9	(10.3)	11,376.1
Non-controlling interests	1,847.6	379.1		(1,627.8)		598.9
Total equity	9,887.7	2,026.4	359.1	(287.9)	(10.3)	11,975.0
Total liabilities and equity	91,122.0	11,114.6	651.3	2,966.6	(1,368.7)	104,485.8
Number of employees	4,184	5,437	2,172	126		11,919

6.11 Income statement split into Life, Non-life and Other Insurance

First half year 2016	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income							
- *Gross premium income*	*2,638.3*	*2,277.1*		*4,915.4*		*(0.1)*	*4,915.3*
- *Change in unearned premiums*		*(124.3)*		*(124.3)*			*(124.3)*
- *Ceded earned premiums*	*(30.3)*	*(107.9)*		*(138.2)*			*(138.2)*
Net earned premiums	2,608.0	2,044.9		4,652.9		(0.1)	4,652.8
Interest, dividend and other investment income	1,324.3	167.4	(7.8)	1,483.9	21.7	(17.5)	1,488.1
Unrealised gain (loss) on RPN(I)					67.1		67.1
Result on sales and revaluations	388.5	33.0		421.5	197.3		618.8
Income related to investments for unit-linked contracts	(16.3)			(16.3)			(16.3)
Share of result of associates	120.1	19.8		139.9	12.5		152.4
Fee and commission income	135.9	70.7		206.6			206.6
Other income	67.7	51.7	(1.1)	118.3	3.7	(7.6)	114.4
Total income	4,628.2	2,387.5	(8.9)	7,006.8	302.3	(25.2)	7,283.9
Expenses							
- *Insurance claims and benefits, gross*	*(3,144.7)*	*(1,420.2)*		*(4,564.9)*		*0.2*	*(4,564.7)*
- *Insurance claims and benefits, ceded*	*11.9*	*77.7*		*89.6*			*89.6*
Insurance claims and benefits, net	(3,132.8)	(1,342.5)		(4,475.3)		0.2	(4,475.1)
Charges related to unit-linked contracts	(0.8)			(0.8)			(0.8)
Financing costs	(72.3)	(18.8)		(91.1)	(17.1)	17.4	(90.8)
Change in impairments	(35.8)	(1.0)		(36.8)	(11.1)		(47.9)
Change in provisions	0.6	(0.4)		0.2	(887.3)		(887.1)
Fee and commission expenses	(215.7)	(406.7)		(622.4)			(622.4)
Staff expenses	(195.6)	(216.1)		(411.7)	(15.7)		(427.4)
Other expenses	(328.7)	(239.7)	8.9	(559.5)	(40.3)	7.6	(592.2)
Total expenses	(3,981.1)	(2,225.2)	8.9	(6,197.4)	(971.5)	25.2	(7,143.7)
Result before taxation	647.1	162.3		809.4	(669.2)		140.2
Tax income (expenses)	(73.7)	(38.3)		(112.0)	(5.6)		(117.6)
Net result for the period	573.4	124.0		697.4	(674.8)		22.6
Attributable to non-controlling interests	69.3	20.5		89.8			89.8
Net result attributable to shareholders	504.1	103.5		607.6	(674.8)		(67.2)
Total income from external customers	4,615.4	2,387.1	8.5	7,011.0	272.9		7,283.9
Total income internal	12.8	0.4	(17.4)	(4.2)	29.4	(25.2)	
Total income	4,628.2	2,387.5	(8.9)	7,006.8	302.3	(25.2)	7,283.9
Non-cash expenses (excl. depreciation & amortisation)	(212.4)	(1.6)		(214.0)			(214.0)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

First half year 2016	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,638.3	2,277.1	-	4,915.4		(0.1)	4,915.3
Inflow deposit accounting	749.5			749.5			749.5
Gross inflow	3,387.8	2,277.1	-	5,664.9		(0.1)	5,664.8

First half year 2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income*	*2,526.1*	*2,205.4*			*(0.1)*	*4,731.4*
- *Change in unearned premiums*		*(106.8)*				*(106.8)*
- *Ceded earned premiums*	*(32.6)*	*(116.4)*				*(149.0)*
Net earned premiums	2,493.5	1,982.2			(0.1)	4,475.6
Interest, dividend and other investment income	1,361.3	153.6	(5.6)	27.7	(30.3)	1,506.7
Unrealised gain (loss) on RPN(I)				(24.0)		(24.0)
Result on sales and revaluations	100.6	8.0	0.4	5.3		114.3
Income related to investments for unit-linked contracts	578.0					578.0
Share of result of associates	199.1	10.9		15.8		225.8
Fee and commission income	167.4	12.1	83.3		(35.0)	227.8
Other income	41.2	31.9	52.3	3.0	(27.8)	100.6
Total income	4,941.1	2,198.7	130.4	27.8	(93.2)	7,204.8
Expenses						
- *Insurance claims and benefits, gross*	*(3,027.6)*	*(1,245.3)*			*0.2*	*(4,272.7)*
- *Insurance claims and benefits, ceded*	*15.3*	*32.7*				*48.0*
Insurance claims and benefits, net	(3,012.3)	(1,212.6)			0.2	(4,224.7)
Charges related to unit-linked contracts	(619.7)					(619.7)
Financing costs	(76.1)	(8.6)	(4.0)	(24.1)	30.2	(82.6)
Change in impairments	(4.9)	(0.5)				(5.4)
Change in provisions	0.7	(1.8)		0.4		(0.7)
Fee and commission expenses	(231.4)	(424.2)	(16.8)		35.0	(637.4)
Staff expenses	(194.5)	(165.8)	(56.9)	(11.4)	1.9	(426.7)
Other expenses	(283.6)	(177.2)	(59.6)	(25.0)	25.9	(519.5)
Total expenses	(4,421.8)	(1,990.7)	(137.3)	(60.1)	93.2	(6,516.7)
Result before taxation	519.3	208.0	(6.9)	(32.3)		688.1
Tax income (expenses)	(70.4)	(55.1)	1.3	(2.3)		(126.5)
Net result for the period	448.9	152.9	(5.6)	(34.6)		561.6
Attributable to non-controlling interests	66.9	25.6				92.5
Net result attributable to shareholders	382.0	127.3	(5.6)	(34.6)		469.1
Total income from external customers	4,923.7	2,192.4	67.3	21.4		7,204.8
Total income internal	17.4	6.3	63.1	6.4	(93.2)	
Total income	4,941.1	2,198.7	130.4	27.8	(93.2)	7,204.8
Non-cash expenses (excl. depreciation & amortisation)	(225.1)	(0.9)				(226.0)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

First half year 2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	2,526.1	2,205.4			(0.1)	4,731.4
Inflow deposit accounting	660.3					660.3
Gross inflow	3,186.4	2,205.4			(0.1)	5,391.7

6.12 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes premiums, fees and allocated financial income minus claims and benefits and operating expenses. Realised gains and losses on investments backing certain insurance liabilities, including separated funds, are part of the allocated financial income and are thus included. Financial income, net of the related investment costs, is allocated to the various Life and Non-life classes based on the investment portfolios backing the insurance liabilities of these classes.

The reconciliation of the operating margin and profit before taxation, includes all income and costs not allocated to the insurance or investment contracts and thus not reported in the operating margin.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities), and Other.

The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

First half year 2016	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total Ageas
Gross inflow Life	2,274.2		930.3	183.3			3,387.8		(0.1)	3,387.7
Gross inflow Non-life	1,015.0	928.1	334.0		21.3	(21.3)	2,277.1			2,277.1
Operating costs	(269.3)	(114.9)	(86.1)	(22.2)	(0.9)		(493.4)			(493.4)
- *Guaranteed products*	*253.2*		*44.6*	*10.0*			*307.8*			*307.8*
- *Unit linked products*	*6.9*		*2.4*	*7.1*			*16.4*			*16.4*
Life operating result	260.1		47.0	17.1			324.2			324.2
- *Accident & Health*	*3.0*	*(0.9)*	*17.8*		*0.2*		*20.1*			*20.1*
- *Motor*	*35.6*	*38.4*	*4.8*				*78.8*			*78.8*
- *Fire and other damage to property*	*5.6*	*1.6*	*8.3*		*1.8*		*17.3*			*17.3*
- *Other*	*10.5*	*(0.9)*	*7.8*				*17.4*			*17.4*
Non-life operating result	54.7	38.2	38.7		2.0		133.6			133.6
Operating result	314.8	38.2	85.7	17.1	2.0		457.8			457.8
Share of result of associates non allocated		4.4	5.9	130.8			141.1	12.4	0.1	153.6
Other result, including brokerage	48.8	0.4	(21.3)	182.4	0.2		210.5	(681.6)	(0.1)	(471.2)
Result before taxation	363.6	43.0	70.3	330.3	2.2		809.4	(669.2)		140.2
Key performance indicators Life										
Net underwriting margin	(0.01 %)		0.22 %				0.10 %			0.10 %
Investment margin	0.97 %		0.43 %				0.84 %			0.84 %
Operating margin	0.96 %		0.65 %				0.94 %			0.94 %
- *Operating margin Guaranteed products*	*1.04 %*		*1.03 %*				*1.08 %*			*1.08 %*
- *Operating margin Unit linked products*	*0.23 %*		*0.08 %*				*0.28 %*			*0.28 %*
Life cost ratio in % of Life technical liabilities (annualised)	0.38 %		0.40 %				0.45 %			0.45 %
Key performance indicators Non Life										
Expense ratio	38.2 %	31.9 %	29.5 %		31.4 %		34.4 %			34.4 %
Claims ratio	62.7 %	68.2 %	61.0 %		46.4 %		64.6 %			64.6 %
Combined ratio	100.9 %	100.1 %	90.5 %		77.8 %		99.0 %			99.0 %
Operating margin	6.0 %	4.6 %	13.0 %		22.2 %		6.5 %			6.5 %
Technical Insurance liabilities	63,183.4	2,576.2	16,750.3		35.5	(28.0)	82,517.4		(4.9)	82,512.5

First half year 2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	1,844.4		1,072.7	269.3		(0.1)	3,186.3
Gross inflow Non-life	1,017.3	930.7	257.4				2,205.4
Operating costs	(264.9)	(96.3)	(68.4)	(28.9)			(458.5)
- *Guaranteed products*	*195.1*		*41.7*	*22.2*			*259.0*
- *Unit linked products*	*12.5*		*2.1*	*12.1*			*26.7*
Life operating result	207.6		43.8	34.3			285.7
- *Accident & Health*	*19.1*	*(0.3)*	*23.9*				*42.7*
Motor	*33.4*	*20.1*	*0.9*				*54.4*
- *Fire and other damage to property*	*36.7*	*20.7*	*7.2*				*64.6*
- *Other*	*9.5*	*7.1*	*7.9*				*24.5*
Non-life operating result	98.7	47.6	39.9				186.2
Operating result	306.3	47.6	83.7	34.3			471.9
Share of result of associates non allocated		4.3	12.7	192.3	15.8		225.1
Other result, including brokerage	61.8	(3.8)	(5.9)	(12.9)	(48.1)		(8.9)
Result before taxation	368.1	48.1	90.5	213.7	(32.3)		688.1
Key performance indicators Life							
Net underwriting margin	0.00 %		0.15 %	2.51 %			0.13 %
Investment margin	0.77 %		0.47 %	(0.06 %)			0.68 %
Operating margin	0.77 %		0.62 %	2.45 %			0.81 %
- *Operating margin Guaranteed products*	*0.81 %*		*1.05 %*	*2.45 %*			*0.90 %*
- *Operating margin Unit linked products*	*0.43 %*		*0.07 %*	*2.47 %*			*0.41 %*
Life cost ratio in % of Life technical liabilities (annualised)	0.38 %		0.41 %	2.06 %			0.45 %
Key performance indicators Non Life							
Expense ratio	37.8 %	33.9 %	27.4 %				35.0 %
Claims ratio	56.8 %	64.4 %	58.4 %				60.2 %
Combined ratio	94.6 %	98.3 %	85.8 %				95.2 %
Operating margin	10.8 %	5.6 %	18.0 %				9.4 %
Technical Insurance liabilities	59,696.8	2,919.5	15,483.0	3,072.0		(4.9)	81,166.4

Claims ratio	:	the cost of claims, net of reinsurance, as a percentage of net earned premiums, excluding the internal costs of handling claims.
Expense ratio	:	expenses as a percentage of net earned premiums, net of reinsurance. Expenses include internal costs of handling claims, plus net commissions charged to the year, less internal investment costs.
Combined ratio	:	the sum of the claims ratio and the expense ratio.

Notes to the Consolidated statement of financial position

7 Cash and cash equivalents

Cash includes cash on hand, current accounts and other financial instruments with a term of less than three months from the date on which they were acquired.

The composition of cash and cash equivalents is as follows.

	30 June 2016	31 December 2015
Cash on hand	2.6	2.7
Due from banks	1,913.2	2,167.1
Other	343.4	224.5
Total cash and cash equivalents	2,259.2	2,394.3

8 Financial investments

The composition of financial investments is as follows.

	30 June 2016	31 December 2015
Financial investments		
- Held to maturity	4,808.1	4,802.1
- Available for sale	62,862.9	61,745.8
- Held at fair value through profit or loss	214.9	170.9
- Derivatives held for trading	11.1	28.5
Total gross	67,897.0	66,747.3
Impairments:		
- of investments available for sale	(215.4)	(200.1)
Total impairments	(215.4)	(200.1)
Total	67,681.6	66,547.2

8.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Investments held to maturity at 1 January 2015	4,801.3	85.7	4,887.0
Maturities	(91.5)	(9.9)	(101.4)
Sales		(1.2)	(1.2)
Amortisation	15.2	2.5	17.7
Investments held to maturity at 31 December 2015	4,725.0	77.1	4,802.1
Maturities		(1.1)	(1.1)
Amortisation	5.8	1.3	7.1
Investments held to maturity at 30 June 2016	4,730.8	77.3	4,808.1
Fair value at 31 December 2015	6,747.1	81.0	6,828.1
Fair value at 30 June 2016	7,620.3	79.6	7,699.9

The fair value of government bonds classified as investments held to maturity is based on quoted prices in active markets (level 1) and the fair value of corporate debt securities classified as investments held to maturity with unobservable prices which are based on counterparty quotes or models (level 3).

In the following table the government bonds classified as held to maturity are detailed by country of origin.

30 June 2016	Historical/ amortised cost	Fair value
Belgian national government	4,345.9	7,144.5
Portuguese national government	384.9	475.8
Total	4,730.8	7,620.3

31 December 2015	Historical/ amortised cost	Fair value
Belgian national government	4,349.3	6,257.9
Portuguese national government	375.7	489.2
Total	4,725.0	6,747.1

8.2 Investments available for sale

The fair value and amortised cost of investments available for sale including gross unrealised gains, gross unrealised losses, and impairments are as follows.

30 June 2016	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	26,954.7	7,306.8	(5.2)	34,256.3		34,256.3
Corporate debt securities	22,536.5	2,187.3	(27.9)	24,695.9	(22.3)	24,673.6
Structured credit instruments	135.3	11.0	(2.7)	143.6	(0.1)	143.5
Available for sale investments in debt securities	49,626.5	9,505.1	(35.8)	59,095.8	(22.4)	59,073.4
Private equities and venture capital	69.1	4.7	(0.4)	73.4		73.4
Equity securities	3,338.4	414.0	(68.6)	3,683.8	(193.0)	3,490.8
Other investments	9.9			9.9		9.9
Available for sale investments in equity securities and other investments	3,417.4	418.7	(69.0)	3,767.1	(193.0)	3,574.1
Total investments available for sale	53,043.9	9,923.8	(104.8)	62,862.9	(215.4)	62,647.5

31 December 2015	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	26,244.6	5,489.5	(28.8)	31,705.3		31,705.3
Corporate debt securities	24,196.7	1,740.4	(144.7)	25,792.4	(24.4)	25,768.0
Structured credit instruments	182.4	11.8	(2.7)	191.5	(0.1)	191.4
Available for sale investments in debt securities	50,623.7	7,241.7	(176.2)	57,689.2	(24.5)	57,664.7
Private equities and venture capital	79.0	7.5	(0.6)	85.9	(0.1)	85.8
Equity securities	3,445.6	574.3	(51.0)	3,968.9	(175.5)	3,793.4
Other investments	1.8			1.8		1.8
Available for sale investments in equity securities and other investments	3,526.4	581.8	(51.6)	4,056.6	(175.6)	3,881.0
Total investments available for sale	54,150.1	7,823.5	(227.8)	61,745.8	(200.1)	61,545.7

An amount of EUR 795.9 million of the investments available for sale has been pledged as collateral (31 December 2015: EUR 1,189.6 million) (see also note 13 Borrowings).

The valuation of investments available for sale is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation is as follows.

30 June 2016	Level 1	Level 2	Level 3	Total
Government bonds	33,592.5	663.8		34,256.3
Corporate debt securities	24,127.5	546.1		24,673.6
Structured credit instruments	63.0	45.7	34.8	143.5
Equity securities, private equities and other investments	2,495.4	919.9	158.8	3,574.1
Total Investments AFS	60,278.4	2,175.5	193.6	62,647.5

31 December 2015	Level 1	Level 2	Level 3	Total
Government bonds	31,678.8	26.5		31,705.3
Corporate debt securities	24,831.7	936.3		25,768.0
Structured credit instruments	85.7	66.9	38.8	191.4
Equity securities, private equities and other investments	2,891.5	808.4	181.1	3,881.0
Total Investments AFS	59,487.7	1,838.1	219.9	61,545.7

The changes in level 3 valuation are as follows.

	30 June 2016	31 December 2015
Balance as at 1 January	219.9	225.4
Maturity/redemption or repayment	(9.5)	(13.6)
Acquired	12.7	24.4
Proceeds from sales	(26.4)	(53.5)
Realised gains (losses)	1.0	(1.5)
Impairments	(0.5)	(0.9)
Unrealised gains (losses)	(3.6)	5.1
Transfers between valuation categories		34.5
Closing balance	193.6	219.9

Level 3 valuations for private equities and venture capital use fair values disclosed in the audited financial statements of the relevant participations. Level 3 valuations for equities and asset-backed securities use a discounted cash flow methodology. Expected cash flows take into account original underwriting criteria, borrower attributes (such as age and credit scores), loan-to-value ratios, expected house price movements and expected prepayment rates etc. Expected cash flows are discounted at risk-adjusted rates. Market participants often use such discounted cash flow techniques to price private equities and venture capital. We rely also on these quotes to a certain extent when valuing these instruments. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

The level 3 positions are mainly sensitive to a change in the level of expected future cash flows and, accordingly, their fair values vary in proportion to changes of these cash flows. The changes in value of the level 3 instruments are accounted for in other comprehensive income.

Government bonds detailed by country of origin

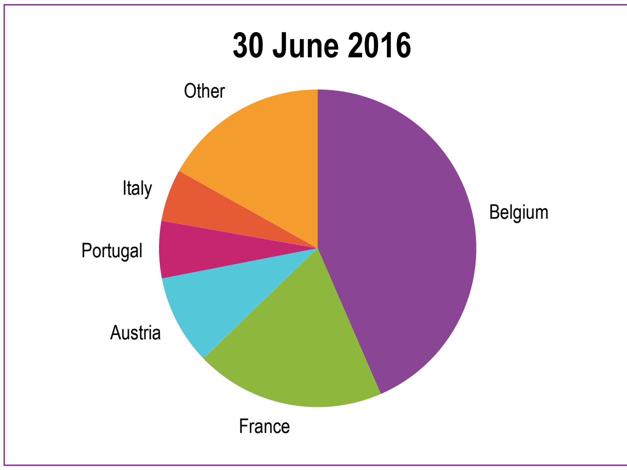
Government bonds detailed by country of origin are as follows.

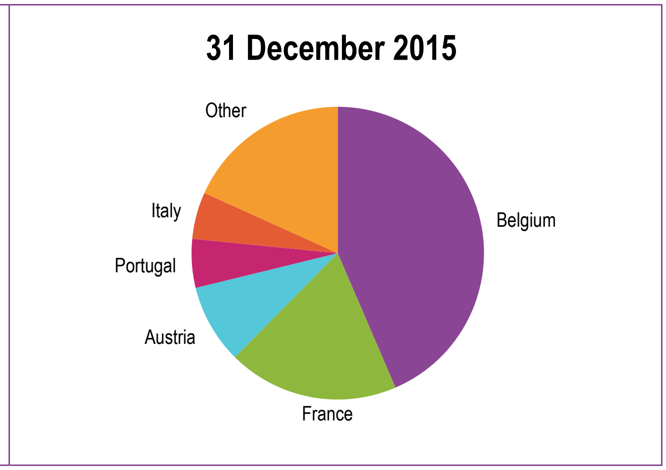
30 June 2016	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,495.9	3,400.8	14,896.7
French national government	4,936.1	1,683.7	6,619.8
Austrian national government	2,474.6	655.2	3,129.8
Portuguese national government	1,863.1	134.2	1,997.3
Italian national government	1,413.2	407.9	1,821.1
Spanish national government	1,225.0	144.7	1,369.7
German national government	884.7	403.9	1,288.6
Dutch national government	504.4	107.5	611.9
Irish national government	514.0	88.7	602.7
Slovakian national government	299.3	53.9	353.2
Polish national government	246.8	67.6	314.4
British national government	294.6	15.4	310.0
Czech Republic national government	197.8	28.7	226.5
Finnish national government	132.8	35.5	168.3
US national government	28.6	0.5	29.1
Other national governments	443.8	73.4	517.2
Total	26,954.7	7,301.6	34,256.3

31 December 2015	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,367.0	2,435.8	13,802.8
French national government	4,879.3	1,111.6	5,990.9
Austrian national government	2,307.6	467.3	2,774.9
Portuguese national government	1,520.5	186.7	1,707.2
Italian national government	1,268.9	375.7	1,644.6
Spanish national government	703.7	88.6	792.3
German national government	950.5	306.7	1,257.2
Dutch national government	581.6	73.0	654.6
Irish national government	659.9	83.1	743.0
Slovakian national government	304.1	49.3	353.4
Polish national government	247.1	67.3	314.4
British national government	297.7	14.2	311.9
Czech Republic national government	197.9	29.5	227.4
Finnish national government	133.0	29.2	162.2
US national government	341.5	83.3	424.8
Other national governments	484.3	59.4	543.7
Total	26,244.6	5,460.7	31,705.3

There were no impairments on government bonds in the first six months of 2016 and the full year 2015.

The share per country in the investment portfolio of government bonds, based on fair value can be shown graphically as follows.





The table below shows net unrealised gains and losses on investments available for sale included in equity (which includes debt securities, equity securities and other investments). Equity securities and other investments also include private equities and venture capital.

	30 June 2016	31 December 2015
Available for sale investments in debt securities:		
Carrying amount	59,073.4	57,664.7
Gross unrealised gains and losses	9,469.3	7,065.5
- Related tax	(3,204.8)	(2,337.3)
Shadow accounting	(4,741.1)	(2,573.3)
- Related tax	1,607.4	823.3
Net unrealised gains and losses	3,130.8	2,978.2

	30 June 2016	31 December 2015
Available for sale investments in equity securities and other investments:		
Carrying amount	3,574.1	3,881.0
Gross unrealised gains and losses	349.7	530.2
- Related tax	(39.0)	(50.4)
Shadow accounting	(180.6)	(183.9)
- Related tax	61.5	64.1
Net unrealised gains and losses	191.6	360.0

Impairments of investments available for sale

The following table shows the breakdown of impairments of investments available for sale.

	30 June 2016	31 December 2015
Impairments of investments available for sale:		
- on debt securities	(22.4)	(24.5)
- on equity securities and other investments	(193.0)	(175.6)
Total impairments of investments available for sale	(215.4)	(200.1)

The changes in impairments of investments available for sale are as follows.

	30 June 2016	31 December 2015
Balance as at 1 January	(200.1)	(164.3)
Increase in impairments	(45.7)	(69.9)
Reversal on sale/disposal	29.8	33.7
Foreign exchange differences and other adjustments	0.6	0.4
Closing balance	(215.4)	(200.1)

8.3 Investments held at fair value through profit or loss

The following table provides information about investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	30 June 2016	31 December 2015
Corporate debt securities	91.7	75.7
Debt securities	91.7	75.7
Equity securities	60.7	49.3
Other investments	62.5	45.9
Equity securities and other investments	123.2	95.2
Total investments held at fair value through profit or loss	214.9	170.9

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are linked to the performance of these assets, either contractually or on the basis of discretionary participation and whose measurement incorporates current information. This measurement significantly reduces an accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The nominal value of the debt securities held at fair value through profit or loss as at 30 June 2016 is EUR 91.1 million (31 December 2015: EUR 76.3 million).

The valuation of investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation is as follows.

30 June 2016	Level 1	Level 2	Level 3	Total
Corporate debt securities	66.6	25.1		91.7
Equity securities		60.7		60.7
Other investments		62.5		62.5
Total Investments held at fair value through profit or loss	66.6	148.3		214.9

31 December 2015	Level 1	Level 2	Level 3	Total
Corporate debt securities	50.9	24.8		75.7
Equity securities		49.3		49.3
Other investments		45.9		45.9
Total Investments held at fair value through profit or loss	50.9	120.0		170.9

8.4 Derivatives held for trading (assets)

The following table provides a break down of derivatives held for trading (assets).

	30 June 2016	31 December 2015
Over the counter (OTC)	11.1	28.4
Exchange traded		0.1
Total derivatives held for trading (assets)	11.1	28.5

Derivatives held for trading mainly relate to interest rate and equity options and interest rate swaps. Derivatives held for trading in 2016 and 2015 are based on a level 2 valuation (observable inputs from active markets) (see also note 18 Derivatives for further details).

8.5 Real estate

The fair value of real estate, held as investment as well as for own use, is set out below.

Fair value:	30 June 2016	31 December 2015
Investment property	3,987.5	3,961.3
Land and buildings held for own use	1,450.2	1,441.3
Total fair value	5,437.7	5,402.6
Carrying amount:		
Investment property	2,900.1	2,847.1
Land and buildings held for own use	1,016.9	1,010.5
Total carrying amount	3,917.0	3,857.6
Gross unrealised gain / loss	1,520.7	1,545.0
Taxation	(506.6)	(515.2)
Net unrealised gain / loss (not recognised in equity)	1,014.1	1,029.8

9 Loans

The composition of loans is as follows.

	30 June 2016	31 December 2015
Government and official institutions	3,308.2	2,922.4
Residential mortgages	1,363.5	1,336.6
Commercial loans	1,798.5	1,604.9
Interest bearing deposits	748.0	542.2
Loans to banks	541.6	536.3
Policyholder loans	251.3	284.1
Corporate loans	81.6	83.8
Total	8,092.7	7,310.3
Less impairments	(13.1)	(24.0)
Total Loans	8,079.6	7,286.3

9.1 Commercial loans

The composition of commercial loans is as follows.

	30 June 2016	31 December 2015
Consumer Loans		16.6
Real Estate	359.0	359.2
Infrastructure	429.0	305.6
Other	1,010.5	923.5
Total Commercial Loans	1,798.5	1,604.9

Ageas has granted credit lines for a total amount of EUR 630 million (31 December 2015: EUR 709 million).

9.2 Loans to banks

Loans to banks consist of the following.

	30 June 2016	31 December 2015
Loans and advances	437.8	504.6
Other	103.8	31.7
Total Loans to Banks	541.6	536.3

10 Investments in associates

The following table provides information on investments in associates.

2016	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates	465.7	100.6	263.5	2,138.0	41.8	6.5	3,016.1
Share of result of associates	1.1	4.4	5.9	128.5	12.5		152.4
Gross Inflow of associates		256.2	1,574.9	10,846.4			12,677.5
Gross Inflow of associates @ Ageas Share		128.4	532.9	2,801.3			3,462.6

Prior Year	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates (31 Dec 2015)	434.1	96.8	262.8	1,991.6	48.9	7.2	2,841.4
Share of result of associates (6M 2015)	1.4	4.3	12.7	191.6	15.8		225.8
Gross Inflow of associates (6M 2015)		272.7	1,390.5	9,562.5			11,225.7
Gross Inflow of associates @ Ageas Share (6M 2015)		136.6	471.6	2,482.0			3,090.2

Equity associates are subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those equity associates operate. Dividend payments of associates are sometimes subject to shareholder agreements with the partners in the company. In certain situations, consensus is required before dividend is declared.

In addition, shareholder agreements (related to parties having an interest in a company in which Ageas has a non-controlling interest) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without prior approval of the other parties involved;
- options to sell or resell shares to the other party/parties involved in the shareholder agreement, including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares additional revenues when certain objectives are realised;
- exclusivity clauses or non-compete clauses related to the sales of insurance products.

Asia

The increase of the investments in associates in Asia is due to the positive share of the result of associates in 2016, capital increases and higher unrealised gains through equity associates. These are partly offset by dividend payments and the unfavourable development of exchange rates.

The increase of the gross inflow is mainly due to China where inflows increased by 17% year-on-year to EUR 8.7 billion.

Royal Park Investments

After the disposal of the assets and settlement of the liabilities, the remaining activity of RPI is essentially limited to the management of litigation initiated against a number of US assets.

11 Insurance liabilities

11.1 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts.

	30 June 2016	31 December 2015
Liability for future policyholder benefits	26,236.2	27,047.1
Reserve for policyholder profit sharing	227.1	385.9
Shadow accounting	2,892.6	1,645.5
Before eliminations	29,355.9	29,078.5
Eliminations	(4.9)	(4.8)
Gross	29,351.0	29,073.7
Reinsurance	(24.8)	(51.8)
Net	29,326.2	29,021.9

11.2 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts.

	30 June 2016	31 December 2015
Liability for future policyholder benefits	29,172.2	28,513.2
Reserve for policyholder profit sharing	91.1	169.0
Shadow accounting	2,029.2	1,220.7
Gross	31,292.5	29,902.9
Reinsurance		
Net	31,292.5	29,902.9

11.3 Liabilities related to unit-linked contracts

Liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows.

	30 June 2016	31 December 2015
Insurance contracts	2,137.7	2,155.0
Investment contracts	11,767.2	12,986.8
Total	13,904.9	15,141.8

11.4 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts.

	30 June 2016	31 December 2015
Claims reserves	6,258.3	5,837.6
Unearned premiums	1,715.3	1,609.6
Reserve for policyholder profit sharing	18.5	16.3
Before eliminations	7,992.1	7,463.5
Eliminations	(28.0)	
Gross	7,964.1	7,463.5
Reinsurance	(598.5)	(544.8)
Net	7,365.6	6,918.7

12 Subordinated liabilities

The following table provides a specification of subordinated liabilities.

	30 June 2016	31 December 2015
FRESH	1,250.0	1,250.0
Hybrone		73.0
Fixed Rate Reset Perpetual Subordinated Notes	491.6	500.7
Fixed to Floating Rate Callable Subordinated Notes	99.6	99.6
Fixed to floating Rate Callable Subordinated Loan BCP Investments	58.8	58.8
Dated Fixed Rate Subordinated Notes	395.5	395.3
Other subordinated liabilities		3.0
Total subordinated liabilities	2,295.5	2,380.4

12.1 FRESH

On 7 May 2002, Ageasfinlux SA issued undated Floating Rate Equity-linked Subordinated Hybrid capital securities (FRESH) for a total principal amount of EUR 1,250 million at a floating rate of 3 month Euribor + 135 basis points. The securities have no maturity date, but may be exchanged for Ageas shares at a price of EUR 315 per share at the discretion of the holder. The securities will automatically convert into Ageas shares if the price of the Ageas share is equal to or higher than EUR 472.50 on twenty consecutive stock exchange business days. The securities qualify as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

The securities were issued by Ageasfinlux SA, with ageas SA/NV acting as co-obligor. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against the co-obligor with respect to the principal amount are the 4.0 million Ageas shares that Ageasfinlux SA pledged in favour of such holders. Pending the exchange of the FRESH for Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 30 June 2016 already includes the 4.0 million Ageas shares issued for the purpose of such exchange).

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%) and in certain other exceptional circumstances, payment of coupons will be made in accordance with the so-called alternative coupon settlement method (ACSM). The ACSM implies that new Ageas shares will be issued and delivered to the holders of the FRESH. To date all coupons have been paid in cash. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

12.2 Hybrone

The securities have been called and are redeemed at their first call date on 20 June 2016.

12.3 Fixed Rate Reset Perpetual Subordinated Notes

On 21 March 2013, AG Insurance issued USD 550 million Fixed Rate Reset Perpetual Subordinated Notes at an interest rate of 6.75%, payable semi-annually. The Notes may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date (March 2019) or on any interest payment date thereafter. On the first call date and each sixth anniversary of the first call date the rate will be reset, based on the six year US dollar Mid Swap rate plus a margin of 5.433%. The Notes are listed on the Luxembourg Stock Exchange and qualify as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

12.4 Fixed-to-Floating Callable Subordinated Notes

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Callable Subordinated Notes due at an interest rate of 5.25% and with a maturity of 31 years. The notes may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date at 18 June 2024 or at any interest payment date thereafter. On their first call date the Notes will bear interest at a floating rate of 3 month Euribor plus 4.136% per annum, payable quarterly. The Notes qualify as Tier 2 capital under European regulatory requirements for insurers (Solvency II). The Notes are subscribed by ageas SA/NV (EUR 350 million) and by BNP Paribas Fortis SA/NV (EUR 100 million) and are listed on the Luxembourg Stock Exchange. The part underwritten by ageas SA/NV is eliminated as intercompany transaction.

12.5 Fixed-to-Floating Callable Subordinated Loan BCP Investments

On 5 December 2014, Ageas Insurance International N.V. (51%) (AII) and BCP Investments B.V. (49%) granted a subordinated loan of EUR 120 million to Millenniumbcp Ageas at 4.75% per annum up to the first call date in December 2019 and 6 month Euribor + 475 basis points per annum thereafter. The part underwritten by AII is eliminated because it is an intercompany transaction. The Notes qualify as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

12.6 Dated Fixed Rate Subordinated Notes

On 31 March 2015, AG Insurance issued EUR 400 million Fixed Rate Subordinated Securities at an interest rate of 3.5% and with a maturity of 32 years. The securities may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date at 30 June 2027 or at any interest payment date thereafter. On the first call date and on each fifth anniversary of the first call date the interest rate will be reset equal to the sum of the five-year euro mid swap rate plus 3.875%. The Notes are listed on the Luxembourg Stock Exchange and qualify as Tier 2 capital under European regulatory requirements for insurers (Solvency II).

13 Borrowings

The table below shows the components of borrowings.

	30 June 2016	31 December 2015
Repurchase agreements	794.1	1,200.7
Loans	1,085.7	1,204.0
Due to banks	1,879.8	2,404.7
Funds held under reinsurance agreements	98.8	83.8
Finance lease agreements	20.7	20.9
Other borrowings	26.6	278.1
Total borrowings	2,025.9	2,787.5

Total borrowings has decreased from EUR 2,788 million to EUR 2,026 million. As also mentioned in note 2 Acquisitions and disposals, the decreases in Loans and Other borrowings can mainly be explained by the sale of AICA. Furthermore, AG Insurance has decreased the Repurchase agreements to temporarily lower the cash position in banks.

Ageas has pledged debt securities with a carrying amount of EUR 795.9 million (31 December 2015: EUR 1,189.6 million) as collateral for repurchase agreements. In addition, property has been pledged as collateral for loans and other borrowings with a carrying amount of EUR 391.5 million (31 December 2015: EUR 391.5 million).

The carrying value of the borrowings is a reasonable approximation of their fair value as contract maturities are less than one year (repurchase agreements) and/or contracts carry a floating rate (loans from banks). Accordingly, the fair value is based upon observable market data (level 2).

14 Current and deferred tax assets and liabilities

Deferred taxes are recognised for temporary differences between the IFRS book value and the tax book values as well as for tax losses carried forward to the extent that it is probable there will be sufficient future taxable profit against which the deferred tax asset can be utilised.

The components of deferred tax assets and deferred tax liabilities are shown below.

	Statement of financial position			Income statement
	30 June 2016	31 December 2015	First half year 2016	First half year 2015
Deferred tax assets related to:				
Financial investments (available for sale)	12.0		5.2	4.4
Investment property	36.8	33.0	1.6	
Property, plant and equipment	38.9	39.5		
Intangible assets (excluding goodwill)	5.5	10.2		(1.0)
Insurance policy and claim reserves	1,682.4	919.4	16.1	4.4
Debt certificates and subordinated liabilities	(1.4)			
Provisions for pensions and post-retirement benefits	197.0	170.4	2.0	1.6
Other provisions	13.6	7.9	(0.2)	0.2
Accrued expenses and deferred income	1.5	1.5		
Unused tax losses	141.3	153.3	4.4	(13.8)
Other	96.5	69.3	(0.6)	1.5
Gross deferred tax assets	2,224.1	1,404.5	28.5	(2.7)
Unrecognised deferred tax assets	(57.4)	(59.1)	1.7	5.4
Net deferred tax assets	2,166.7	1,345.4	30.2	2.7
Deferred tax liabilities related to:				
Derivatives held for trading (assets)	0.8	2.3	1.5	(0.4)
Financial investments (available for sale)	3,016.3	2,185.2	9.6	4.1
Unit-linked investments	(4.5)	(3.7)	0.8	(3.8)
Investment property	153.3	152.9	11.3	(2.2)
Loans to customers	2.8	2.9	0.1	
Property, plant and equipment	180.6	184.9	2.0	2.2
Intangible assets (excluding goodwill)	101.1	103.1	2.1	3.5
Other provisions	12.2	14.4	(0.2)	
Deferred policy acquisition costs	36.8	34.7	(2.1)	
Deferred expense and accrued income	1.2	1.3		
Tax exempt realised reserves	39.4	51.3	11.9	1.4
Other	57.6	49.9	(8.3)	0.6
Total deferred tax liabilities	3,597.6	2,779.2	28.7	5.4
Deferred tax income (expense)			58.9	8.1
Net deferred tax	(1,430.9)	(1,433.8)		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts in the statement of financial position after such offsetting are as follows.

	30 June 2016	31 December 2015
Deferred tax asset	162.6	131.2
Deferred tax liability	1,593.5	1,565.0
Net deferred tax	(1,430.9)	(1,433.8)

15 RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with Ageas SA/NV as co-obligor. CASHES are convertible securities that convert into Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and Ageas SA/NV, at that point in time both parts of the Fortis Group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. Upon the break-up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest on a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

The RPN(I) exists to the extent that CASHES securities remain outstanding in the market. Originally, 12,000 CASHES securities were issued in 2007. In February 2012 BNP Paribas launched a public tender on CASHES at a price of 47.5% and converted 7,553 tendered CASHES securities into Ageas shares; Ageas agreed to pay a EUR 287 million indemnity to BNP Paribas as the conversion triggered a pro rata cancellation of the RPN(I) liability.

In May 2015 Ageas and BNP Paribas agreed that BNP Paribas can purchase CASHES from individual investors at any given time, under the condition that the purchased securities are converted into Ageas shares; at such conversion the pro rata part of the RPN(I) liability is paid to BNP Paribas, while Ageas receives a break-up fee which is subject to the price at which BNP Paribas succeeds to purchase CASHES.

BNP Paribas purchased and converted 656 CASHES under this agreement in the first half year 2016; Ageas paid EUR 44.3 million for the pro rata settlement of the RPN(I), after the deduction of the received break-up fee. The agreement between Ageas and BNP Paribas will expire year-end 2016.

At 30 June 2016 3,791 CASHES remained outstanding.

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding divided by the number of CASHES securities originally issued.

Ageas pays interest to BNP Paribas Fortis SA/NV on the average reference amount in the quarter (if the above outcome becomes negative BNP Paribas Fortis SA/NV will pay Ageas); the interest amounts to 3 month Euribor plus 90 basis. Ageas pledged 6.3% of the total AG Insurance shares outstanding in favour of BNP Paribas Fortis SA/NV.

Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is based on the CASHES price and Ageas share price. The reference amount decreased from EUR 402.0 million at year-end 2015 to EUR 340.8 million at 30 June 2016, predominantly due to a drop in the CASHES price from 75.70% to 65.26% over the first six months of 2016, partly compensated by a drop in the Ageas share price from EUR 42.80 to EUR 30.99 over the same period. The reference amount further reduced with EUR 50.3 million as result of the 656 CASHES that BNP Paribas converted in the first half year, for which Ageas paid EUR 44.3 million (RPN(I)-settlement – break-up fee).

Sensitivity of RPN(I) Value

At 30 June 2016 each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 9.5 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 4 million.

16 Provisions

The provisions mainly relate to legal disputes and reorganisations and are based on best estimates available at period-end based on management judgement, in most cases supported by the opinion of legal advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes. We refer to note 27 Contingent liabilities, which describes the various ongoing litigation proceedings.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimants' organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF), and the Dutch shareholder Association VEB ("The Parties") announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 ("the Events").

The Parties have requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM").

The Settlement will only be final (i) if the Amsterdam Appeal Court has declared the Settlement binding and (ii) if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination right.
In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers, the D&O's involved in litigation and BNP Paribas Fortis.

The financial impact of the settlements announced on 14 March 2016, with the claimants' organisations on the one hand and the D&Os and Insurers on the other hand, is recognised in the Q1 2016 IFRS financial statements. The impact can be summarised as follows:

Group net IFRS result: the net impact of the proposed settlements on the Group net IFRS result amounts to EUR 889 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement;
- plus EUR 45 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process;
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount;
- minus the settlement amount of EUR 290 million to be contributed by the Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132.6 million).

Related to the settlement agreement, an amount of EUR 241 million was paid to the Stichting Forsettlement (‘Stichting’) as an advance payment to settle the claims. However, as the settlement is not yet declared binding this payment is not deducted from the Settlement provision but accounted for as a receivable from the Stichting. Once the settlement is declared binding this payment will be deducted from the provision for the settlement.

Changes in provisions during the year are as follows.

	30 June 2016	31 December 2015
Balance as at 1 January	175.0	171.4
Acquisition and divestment of subsidiaries	5.8	2.7
Increase (Decrease) in provisions	887.1	(0.2)
Reversal of unused provisions		
Utilised during the year	(3.6)	(1.5)
Accretion of interest		2.6
Foreign exchange differences	(0.6)	
Other		
Closing balance	1,063.7	175.0

17 Liabilities related to written put options NCI

17.1 Liability related to written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV

Ageas concluded on 12 March 2009 an agreement on the sale of 25% + 1 share of AG Insurance to Fortis Bank (now named BNP Paribas Fortis SA/NV) for an amount of EUR 1,375 million. This agreement was approved by the Shareholder's Meetings of Ageas in April 2009. As part of this transaction, Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance to Ageas in the six-month period starting 1 January 2018.

Ageas has concluded that the exercise of the put option is unconditional. In accordance with IAS 32, Ageas is therefore obliged to recognise a financial liability amounting to the present value of the estimated exercise price of the put option in 2018. This financial liability is shown as a separate line item (Liability related to written put option) in the statement of financial position. In addition, the liability is allocated to the General Account, as the liability relates to Ageas Insurance International N.V. (the parent company of AG Insurance). Ageas values the liability at the amount expected to be paid on settlement, discounted back to the reporting date.

The counterpart of this liability is a write down of the value of the non-controlling interest underlying the option. The difference between the value of the non-controlling interest and the fair value of the liability is added to the other reserves which are included in shareholders' equity. Subsequent changes in the fair value of the liability related to the put option are recorded in other reserves.

If the option is exercised in 2018, the liability will be settled by a cash payment by Ageas to BNP Paribas Fortis SA/NV resulting in Ageas reacquiring 25% + 1 share of AG Insurance. However, if the option matures without being exercised, then the liability will be written off against non-controlling interest and other reserves.

Calculation of the liability

Ageas uses the embedded value of the Life business of AG Insurance and a discounted cash flow model for Non-life as a basis for the calculation of the liability. For determining the expected settlement amount, the applied valuation method is based on:

- current embedded value multiples for life insurance companies. As from 2015, the peer group is more fine-tuned by selecting only pure Life companies and excluding the composite entities;
- a growth in value based on an expected rate of return of 9% on embedded value and 75% dividend payout ratio for 2015 and 2016 and a payout ratio of 100% for 2017 and 2018;
- a discount rate of 7.0% (2015: 7.6%).

Treatment of the option in the income statement

As long as the option is not exercised, the results in the consolidated income statement linked to non-controlling interest (the 25% + 1 share part of BNP) will be recorded as non-controlling interest.

Based on these assumptions, the net present value of the liability as at 30 June 2016 is EUR 1,041 million (31 December 2015: EUR 1,064 million). The following sensitivities have been calculated.

Discount rate	+1% point	(1%) point
Value liability	1,026	1,056
Relative impact	(1.4%)	1.4%

Price to Embedded Value	+10%	(10%)
Value liability	1,109	973
Relative impact	6.5%	(6.5%)

Growth rate	+1% point	(1%) point
Value liability	1,054	1,027
Relative impact	1.2%	(1.3%)

The impact of the liability related to the written put option on shareholders' equity is as follows:

Value Put Option	30 June 2016	31 December 2015	Change
Value Liability Put Option	1,041.0	1,064.0	(23.0)
Corresponding Non Controlling Interest	(1,585.7)	(1,644.2)	58.5
Impact on Shareholders' Equity	544.7	580.2	(35.5)

17.2 Put option AG Insurance granted to Parkimo

AG Insurance granted an unconditional put option on its 10.05% ownership to Parkimo, a minority shareholder of Interparking. The put option has been measured at the fair value of the expected settlement amounting to EUR 98.4 million (31 December 2015: 91.2 million). AG Insurance has granted other put options for an amount of EUR 7.9 million (31 December 2015: EUR 7.9 million).

18 Derivatives

Ageas is mainly using derivatives to manage its overall interest, equity and currency risks. Derivatives are in principal recorded as trading derivatives unless a hedge relation with an open position is properly documented, in which case the derivatives are recorded as hedging derivatives.

Fair value movements of trading derivatives are recorded in the income statement. Fair value movements of hedging derivatives are recorded in Other comprehensive income together with the fair value movement of the hedged position.

Due to the fact that in certain situations the fair value movements of the derivative and the hedged position both flow through the income statement, no hedge documentation is drawn up and the derivatives are recorded as trading.

Trading derivatives

	30 June 2016			31 December 2015		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	6.4	51.5	1,874.5	20.5	9.5	1,680.2
Total	**6.4**	**51.5**	**1,874.5**	**20.5**	**9.5**	**1,680.2**
Interest rate contracts						
Swaps	2.1	23.3	373.0	2.9	21.0	413.6
Options	0.2		50.0			100.0
Total	**2.3**	**23.3**	**423.0**	**2.9**	**21.0**	**513.6**
Equity/Index contracts						
Options and warrants		0.5		2.3	1.5	189.5
Total		**0.5**		**2.3**	**1.5**	**189.5**
Other	**2.4**		**35.2**	**2.8**		**24.8**
Total	11.1	75.3	2,332.7	28.5	32.0	2,408.1
Fair values supported by observable market data	1.0	14.5			10.3	
Fair values obtained using a valuation model	10.1	60.8		28.5	21.7	
Total	11.1	75.3		28.5	32.0	
Over the counter (OTC)	11.1	75.3	2,332.7	28.4	32.0	2,408.1
Exchange traded				0.1		
Total	11.1	75.3	2,332.7	28.5	32.0	2,408.1

Hedging derivatives

	30 June 2016			31 December 2015		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Swaps				11.1	1.7	1,160.9
Total				**11.1**	**1.7**	**1,160.9**
Interest rate contracts						
Forwards and futures				106.8		652.2
Swaps		65.1	1,448.7	9.5	18.6	1,450.9
Options	0.1		82.2	0.1		82.2
Total	**0.1**	**65.1**	**1,530.9**	**116.4**	**18.6**	**2,185.3**
Equity/Index contracts						
Forwards and futures	14.6	7.4	124.6	6.4	1.9	129.5
Total	**14.6**	**7.4**	**124.6**	**6.4**	**1.9**	**129.5**
Total	14.7	72.5	1,655.5	133.9	22.2	3,475.7
Fair values supported by observable market data	27.4	35.2		22.7	1.9	
Fair values obtained using a valuation model	(12.7)	37.3		111.2	20.3	
Total	14.7	72.5		133.9	22.2	
Over the counter (OTC)	14.7	72.5	1,655.5	133.9	22.2	3,475.7
Total	14.7	72.5	1,655.5	133.9	22.2	3,475.7

Derivatives are valued based on level 2 (observable market data in active markets).

19 Commitments

Commitments received and given are as follows.

Commitments	30 June 2016	31 December 2015
Commitment Received		
Credit lines	556.9	520.2
Collateral & guarantees received	4,773.7	4,287.6
Other off balance-sheet rights	2.4	2.4
Total received	**5,333.0**	**4,810.2**
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	48.2	39.6
Credit lines	*1,167.5*	*1,178.6*
Used	*(538.0)*	*(469.3)*
Available	629.5	709.3
Collateral & guarantees given	1,203.6	1,597.8
Entrusted assets and receivables	560.6	100.0
Capital rights & commitments	304.5	69.9
Other off balance-sheet commitments	1,021.9	1,146.7
Total given	**3,768.3**	**3,663.3**

The major part of commitments received consists of collateral and guarantees received, and relates mainly to collateral received from customers on residential mortgages and to a lesser extent to policyholder loans and commercial loans.

Commitments given largely comprise collateral and guarantees given (EUR 1,204 million) in connection with repurchase agreements, entrusted assets and receivables (EUR 561 million), and extended credit lines.

Other off balance sheet commitments as at 30 June 2016 include EUR 243 million in outstanding credit bids (31 December 2015: EUR 298 million) and EUR 684 million in real estate commitments (31 December 2015: EUR 788 million).

20 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value on the Ageas consolidated statement of financial position. Liabilities, except for some debt certificates, are held at amortised cost.

A description of the methods used to determine the fair value of financial instruments is given below.

			30 June 2016		31 December 2015
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,259.2	2,259.2	2,394.3	2,394.3
Financial Investments held to maturity	1 / 3	4,808.1	7,699.9	4,802.1	6,828.1
Loans	2	8,079.6	9,047.4	7,286.3	7,811.3
Reinsurance and other receivables	2	2,298.7	2,298.7	2,013.9	2,013.9
Total financial assets		17,445.6	21,305.2	16,496.6	19,047.6
Liabilities					
Subordinated liabilities	2	2,295.5	2,306.8	2,380.4	2,387.2
Loans	2	1,987.5	1,986.9	2,497.0	2,495.9
Other borrowings	2	38.4	38.4	290.5	289.2
Total financial liabilities		4,321.4	4,332.1	5,167.9	5,172.3

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction.

Ageas uses the following methods, in the order listed, when determining the fair value of financial instruments:

- quoted price in an active market;
- valuation techniques;
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date. If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Ageas applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider when setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles for estimating fair value are:

- maximise market inputs and minimise internal estimates and assumptions;
- change estimating techniques only if an improvement can be demonstrated or if a change is necessary because of the availability of information.

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals. Interest accruals are reported separately.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and the information that is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included below.

Quoted market prices are used for financial instruments traded on a financial market with price quotations.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.

Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various publications and financial reporting services, and also individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value of derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment grade.

Factors that influence the valuation of an individual derivative include the counterparty's credit rating and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered.

Since the FRESH cannot be early redeemed and can only be redeemed by exchange of shares, the fair value of the FRESH is equal to the notional amount.

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows.

Instrument Type	Ageas Products	FV Calculation
Instruments with no stated maturity	Current accounts, saving accounts, etc.	Nominal value.
Instruments without optional features	Straight loans, deposits, etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average of new production during last 3 months.
Instruments with optional features	Mortgage loans and other instruments with option features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated liabilities and related receivables	Subordinated liabilities	Valuation is based on broker quotes in an in-active market (level 3).
Private equity	Private equity and non-quoted participations investments	In general based on the European Venture Capital Association's valuation guidelines, using enterprise value/EBITDA, price/cash flow and price/earnings, etc.
Preference shares (non-quoted)	Preference shares	If the share is characterised as a debt instrument, a discounted cash flow model is used.

Ageas pursues a policy aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions about the input data themselves.

The introduction of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time the model is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis for adjusting the fair value calculated by the valuation techniques and internal models.

Notes to the Consolidated Income Statement

21 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums.

	First half year 2016	First half year 2015
Gross inflow Life	3,387.8	3,186.4
Gross inflow Non-life	2,277.1	2,205.4
General and eliminations	(0.1)	(0.1)
Total gross inflow	5,664.8	5,391.7

	First half year 2016	First half year 2015
Net premiums Life	2,608.0	2,493.5
Net earned premiums Non-life	2,044.9	1,982.2
General and eliminations	(0.1)	(0.1)
Total net earned premiums	4,652.8	4,475.6

Life

The table below shows the details of gross inflow Life.

	First half year 2016	First half year 2015
Unit-linked insurance contracts		
Single written premiums	54.6	69.8
Periodic written premiums	38.2	44.5
Total unit-linked insurance contracts	92.8	114.3
Non unit-linked insurance contracts		
Single written premiums	160.1	162.1
Periodic written premiums	406.1	414.9
Group business total	*566.2*	*577.0*
Single written premiums	194.0	202.2
Periodic written premiums	348.5	378.0
Individual business total	*542.5*	*580.2*
Total non unit-linked insurance contracts	1,108.7	1,157.2
Investment contracts with DPF		
Single written premiums	1,221.3	1,053.3
Periodic written premiums	215.5	201.4
Total investment contracts with DPF	1,436.8	1,254.7
Gross premium Life	2,638.3	2,526.1
Single written premiums	698.7	587.4
Periodic written premiums	50.8	72.9
Premium inflow deposit accounting	749.5	660.3
Gross inflow Life	3,387.8	3,186.4

Gross inflow Life consists of premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	First half year 2016	First half year 2015
Gross premium Life	2,638.3	2,526.1
Ceded reinsurance premiums	(30.3)	(32.6)
Net premiums Life	2,608.0	2,493.5

Non-life

The table below shows the details of net earned premiums Non-life. Premiums for motor, fire and other damage to property, and other are grouped in Property & Casualty.

First half year 2016	Accident & Health	Property & Casualty	Total
Gross written premiums	455.3	1,821.8	2,277.1
Change in unearned premiums, gross	(30.8)	(93.5)	(124.3)
Gross earned premiums	424.5	1,728.3	2,152.8
Ceded reinsurance premiums	(16.7)	(95.5)	(112.2)
Reinsurers' share of unearned premiums	2.9	1.4	4.3
Net earned premiums Non-life	410.7	1,634.2	2,044.9

First half year 2015	Accident & Health	Property & Casualty	Total
Gross written premiums	448.3	1,757.1	2,205.4
Change in unearned premiums, gross	(34.1)	(72.7)	(106.8)
Gross earned premiums	414.2	1,684.4	2,098.6
Ceded reinsurance premiums	(16.6)	(100.3)	(116.9)
Reinsurers' share of unearned premiums	2.0	(1.5)	0.5
Net earned premiums Non-life	399.6	1,582.6	1,982.2

Below is a breakdown of the Non-life net earned premiums by insurance operating segment.

First half year 2016	Accident & Health	Property & Casualty	Total
Belgium	235.0	674.6	909.6
UK	21.8	807.5	829.3
Continental Europe	153.7	143.3	297.0
Reinsurance	0.2	8.8	9.0
Net earned premiums Non-life	410.7	1,634.2	2,044.9

First half year 2015	Accident & Health	Property & Casualty	Total
Belgium	242.7	668.4	911.1
UK	30.7	819.1	849.8
Continental Europe	126.2	95.1	221.3
Net earned premiums Non-life	399.6	1,582.6	1,982.2

22 Interest, dividend and other investment income

The table below provides details of interest, dividend and other investment income.

	First half year 2016	First half year 2015
Interest income		
Interest income on cash & cash equivalents	3.1	1.5
Interest income on loans to banks	10.3	8.2
Interest income on investments	981.2	1,021.2
Interest income on loans to customers	108.7	94.0
Interest income on derivatives held for trading	0.8	0.3
Other interest income	11.1	13.7
Total interest income	1,115.2	1,138.9
Dividend income from equity securities	65.3	69.0
Rental income from investment property	119.8	112.5
Revenues parking garage	164.9	163.7
Other investment income	22.9	22.6
Total interest, dividend and other investment income	1,488.1	1,506.7

23 Result on sales and revaluations

Result on sales and revaluations is broken down as follows.

	First half year 2016	First half year 2015
Debt securities classified as available for sale	96.0	49.0
Equity securities classified as available for sale	9.4	64.5
Derivatives held for trading	(14.5)	1.8
Investment property	32.9	1.5
Capital gain (losses) on sale of shares of subsidiaries and associates	495.2	0.4
Investments in associates	0.2	
Property, plant and equipment	0.3	0.3
Assets and liabilities held at fair value through profit or loss	0.7	(0.1)
Hedging results	0.1	(1.2)
Other	(1.5)	(1.9)
Total result on sales and revaluations	618.8	114.3

Derivatives held for trading are initially recognised at acquisition cost, including any transaction costs to acquire the financial instrument. Subsequent measurement is at fair value with changes in fair value recorded in the income statement.

All changes in fair value of the assets and liabilities held at fair value through profit or loss are reported above. This includes unrealised gains and losses from revaluations and realised gains and losses upon derecognition of the assets or liabilities.

Hedging results contain the changes in fair value attributable to the hedged risk (mainly interest rate risk) of hedged assets and liabilities and the changes in fair value of the hedging instruments.

24 Insurance claims and benefits

The details of insurance claims and benefits, net of reinsurance are shown in the table below.

	First half year 2016	First half year 2015
Life insurance	3,132.8	3,012.3
Non-life insurance	1,342.5	1,212.6
General account and eliminations	(0.2)	(0.2)
Total insurance claims and benefits, net	4,475.1	4,224.7

Details of Life insurance claims and benefits, net of reinsurance, are shown below.

	First half year 2016	First half year 2015
Benefits and surrenders, gross	2,277.2	2,916.6
Change in liabilities arising from insurance and investment contracts, gross	867.5	111.0
Total Life insurance claims and benefits, gross	3,144.7	3,027.6
Reinsurers' share of claims and benefits	(11.9)	(15.3)
Total Life insurance claims and benefits, net	3,132.8	3,012.3

Details of Non-life insurance claims and benefits, net of reinsurance, are shown in the following table.

	First half year 2016	First half year 2015
Claims paid, gross	1,334.0	1,293.8
Change in liabilities arising from insurance contracts, gross	86.2	(48.5)
Total Non-life insurance claims and benefits, gross	1,420.2	1,245.3
Reinsurers' share of claims paid	(41.9)	(64.6)
Reinsurers' share of change in liabilities	(35.8)	31.9
Total Non-life insurance claims and benefits, net	1,342.5	1,212.6

25 Financing costs

The following table shows the breakdown of financing costs by product.

	First half year 2016	First half year 2015
Financing costs		
Subordinated liabilities	38.3	40.6
Borrowings	12.7	10.9
Other borrowings	11.5	6.7
Derivatives	3.3	3.3
Other liabilities	25.0	21.1
Total financing costs	90.8	82.6

26 Change in impairments

Change in impairments is as follows.

	First half year 2016	First half year 2015
Change in impairments of:		
Investments in debt securities	0.8	0.9
Investments in equity securities and other	44.9	4.4
Investment property	0.5	(0.2)
Loans	0.8	0.3
Reinsurance and other receivables	(0.8)	
Goodwill and other intangible assets	1.5	
Accrued interest and other assets	0.2	
Total change in impairments	47.9	5.4

Notes to items not recorded in the consolidated statement of financial position

27 Contingent liabilities

27.1 Contingent liabilities related to legal proceedings

Like any other financial group, Ageas Group is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments surrounding the former Fortis Group between May 2007 and October 2008 (e.g. acquisition of parts of ABN AMRO and capital increase in September/October 2007, announcement of the solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium.

Ageas denies and will continue to challenge all allegations of wrongdoing. If these proceedings were to be successful, this could have substantial consequences for Ageas's financial position. Such consequences remain unquantifiable at this stage.

On 14 March 2016 Ageas entered into a settlement agreement with several claimant organisations that represent a series of shareholders in collective claims before the Belgian and Dutch courts (the "Settlement"). On 23 May 2016 the parties to the Settlement, i.e. Ageas, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis, VEB and Stichting FORsettlement have requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders who will not opt out before the expiry of a given period, in accordance with the Dutch Act on Collective Settlement of Mass Claims (*Wet Collectieve Afwikkeling Massaschade*). In the meantime Ageas also reached an agreement with Mr Arnauts and Mr Lenssens, two Brussels based attorneys who launched legal action against Ageas on behalf of a number of claimants, to support the settlement,

The Settlement will only be final (i) if the Amsterdam Appeal Court has declared the Settlement binding and (ii) if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination right.

I Proceedings covered by the Settlement

1. Civil proceedings initiated by shareholders or associations of shareholders

If the Settlement becomes final, it will cover all civil proceedings mentioned in this section, except for (i) the proceeding mentioned in 1.2.1 to the extent it relates to events after 14 October 2008 and (ii) the claimants who timely opted out.

A provision of EUR 1 billion has been recognized for the Settlement, including a provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount (see note 16 Provisions).

The parties to the Settlement agreed to suspend the legal proceedings initiated against Ageas and instructed their lawyers accordingly. In addition, since the filing of the request with the Amsterdam Appeal Court, all legal proceedings in the Netherlands, mentioned below in section 1.1 are suspended by operation of law.

The parties also committed to finally terminate their legal proceedings when the settlement has become final. Deminor will use its best efforts to terminate proceedings in which it is involved by requesting its constituents to provide instructions to terminate the proceeding in accordance with Article 821 BJC.

These proceedings, both in Belgium and in the Netherlands, (i) aim at the payment of compensatory damages based on alleged miscommunication and/or market abuse committed, by Fortis during the period between May 2007 and October 2008 and/or (ii) are (in)directly related to the transactions in September/October 2008.

1.1 In the Netherlands

1.1.1 VEB

On 19 January 2011, VEB (Vereniging van Effectenbezitters) initiated a collective action before the Amsterdam District Court seeking a ruling that various communications between September 2007 and 3 October 2008 constituted a breach of law by Fortis, by financial institutions involved in the September/October 2007 capital increase, and/or by certain of Fortis' former directors and executives. VEB characterises each of these breaches as an unlawful act by all or certain defendants and states that these defendants were therefore liable for the loss incurred by any (former) shareholder who bought shares during the relevant period. Inter alia, VEB alleges (against Fortis, certain of its former directors and executives and against the forementioned financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 capital increase on Fortis' position exposure to the subprime situation, was incorrect and incomplete.

1.1.2 Stichting FortisEffect

Stichting FortisEffect and a series of individuals represented by Mr De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their collective action to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages. On 29 July 2014 the Amsterdam Appeal Court decided that the sale of the Dutch Fortis entities in 2008 remains unaffected. However, it also ruled that during the period of 29 September through 1 October 2008 Fortis provided misleading and incomplete information to the markets. The Court concluded that Ageas should indemnify the damages suffered as a result thereof by the shareholders concerned. The damages, if any, should be decided upon and determined in further proceedings. Ageas has launched an appeal against the Court's decision with the Dutch Supreme Court in October 2014. FortisEffect equally appealed with the Supreme Court.

1.1.3 Stichting Investor Claims Against Fortis (SICAF)

On 7 July 2011, 'Stichting Investor Claims Against Fortis' ('SICAF'), a 'Stichting' (Foundation) under Dutch law, brought a collective action before the Utrecht Court based on alleged Fortis miscommunication on various occasions during 2007 and 2008. SICAF alleges, i.a. (against Fortis and against two financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 rights issue on Fortis' position in and exposure to the subprime situation was incorrect and incomplete.

On 3 August 2012, the same SICAF, on behalf of and together with a number of identified (former) shareholders, brought a second action before the Utrecht Court against the same defendants and certain former Fortis directors and executives, claiming damages. The allegations in this second action are materially similar to the first action. In addition, the plaintiffs claim that Fortis failed in its solvency policy in the period 2007 and 2008.

1.1.4 Claims on behalf of individual shareholders

In proceedings initiated by a series of individuals represented by Mr Bos, the Utrecht Court decided on 15 February 2012 that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. In the same proceedings, certain former Fortis directors and top executives requested the Court to acknowledge the alleged Ageas obligation to hold them harmless for the damages resulting from or relating to the legal proceedings initiated against them and resulting from their mandates within the Fortis group. An appeal against the Utrecht Court judgement was filed with the Arnhem Appeal Court. In appeal, Mr Bos claims damages for alleged miscommunication about (i) Fortis' subprime exposure in 2007/2008, about (ii) Fortis' solvency in January – June 2008, (iii) the remedies required by the European Commission in the context of the ABN AMRO take-over and (iv) Fortis' liquidity and solvency position on 26 September 2008.

Since 1 August 2014, Mr Meijer initiated five separate proceedings, each one on behalf of an individual claimant, before the Utrecht Court, claiming to compensate for the loss due to alleged miscommunication by Fortis in the period September 2007 to September 2008.

On 23 September 2014, a former Fortis shareholder initiated proceedings against Ageas before the Utrecht Court, claiming damages because of miscommunication by Fortis between 29 September 2008 and 1 October 2008 as stated in the 29 July 2014 FortisEffect decision. On 1 April 2015 the court decided that this procedure will be joined with the first two Meijer proceedings.

On 11 May 2015, a former Fortis shareholder initiated proceedings against Ageas and a former Fortis executive before the Amsterdam court, claiming damages because of miscommunication on Fortis' financial position.

1.1.5 Stichting Fortisclaim

On 10 June 2016 Stichting Fortisclaim brought a collective action against Ageas before the Utrecht Court based on (i) Fortis' management of the solvency planning after the takeover of ABN AMRO and (ii) Fortis' various communications in the period 24 May 2007 to 3 October 2008 on its subprime exposure, its solvency, its liquidity, and its position after the first rescue weekend in September 2008.

1.2 In Belgium

1.2.1 Modrikamen

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Brussels Commercial Court initially requesting the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013, the Brussels Court of Appeal confirmed this judgment in this respect. In July 2014, Mr Modrikamen filed an appeal before the Supreme Court on this issue. On 23 October 2015 the Supreme Court rejected this appeal. To date the proceedings before the commercial court continue regarding the sale of Fortis Bank and aim at the payment of a compensation by BNP Paribas to Ageas, as well as by Ageas to the claimants. In an interim judgment of 4 November 2014, the court declared about 50% of the original claimants not admissible. Hearings on the merits took place in October - December 2015. On 29 April 2016 the Brussels Commercial Court decided to suspend the proceedings awaiting the outcome of the criminal procedure.

1.2.2 Deminor

On 13 January 2010, a series of shareholders associated with Deminor International (currently named DRS Belgium) brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of/or misleading information by Fortis during the period from March 2007 to October 2008. On 28 April 2014, the court declared in an interim judgment about 25% of the claimants not admissible.

1.2.3 Other claims on behalf of individual shareholders

On 12 September 2012, Patripart, a (former) Fortis shareholder, and its parent company Patrinvest, brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of or misleading information in the context of the 2007 rights issue. Hearings took place in October 2015. On 1 February 2016 the court fully rejected the claim. On 16 March 2016, Patrinvest filed an appeal before the Brussels Appeal Court.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Brussels Commercial Court, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008; this action is suspended awaiting the outcome of the criminal proceedings.

On 25 June 2013, a similar action before the same court was initiated by two shareholders; those claimants ask for their case to be joined to the Deminor case. In the meantime, claimants agreed that their case be postponed *sine die*.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action is suspended awaiting the outcome of the criminal proceedings.

II Proceedings not covered by the Settlement

2. Administrative procedure in Belgium

The Belgian Financial Services and Markets Authority ('FSMA') initiated an investigation on Fortis' external communication during the second quarter of 2008. On 17 June 2013, the Sanctions Commission decided that in the period May-June 2008 Fortis communicated too late or incorrectly on the remedies required by the European Commission in the context of the ABN AMRO take-over, on its future solvency position upon full integration of ABN AMRO and on the success of the NITSH II offer. Therefore, the Sanctions Commission levied a fine on Ageas of EUR 500,000. On 24 September 2015, the Brussels Appeal Court ruled on the decision of the FSMA Sanctions Commission, and decided to impose a reduced fine of EUR 250,000 on Ageas for misleading statements made on 12 June 2008. Ageas intends to launch an appeal against the Court's decision to the Supreme Court.

3. Criminal procedure in Belgium

In Belgium, since October 2008 a criminal procedure is ongoing in relation to events mentioned above in the introduction to this chapter. In February 2013, the public prosecutor filed his written indictment with charges of (i) false annual accounts 2007 due to overestimation of subprime assets, (ii) enticement to subscribe the 2007 rights issue with incorrect information and (iii) publication of incorrect or incomplete information on subprime on various occasions between August 2007 and April 2008, for which charges he requested the *Chambre du conseil/Raadkamer* that certain individuals be referred for trial before the criminal court. As several interested parties requested and obtained additional investigative measures, the hearing before the *Chambre du conseil/Raadkamer* was postponed *sine die*. For the time being referral of Ageas is not being requested by the public prosecutor.

4. Other legal proceedings

4.1 Legal proceedings initiated by Mandatory Convertible Securities (MCS) holders

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), together with Fortis Bank SA/NV (now BNP Paribas Fortis SA/NV), Fortis SA/NV and Fortis N.V. (both now ageas SA/NV), were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Prior to 7 December 2010, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. However, at the request of Ageas, the President of the Brussels Commercial Court suspended the effects of this decision. Following 7 December 2010, the same MCS holders contested the validity of the conversion of the MCS and requested its annulment or, alternatively, damages for an amount of EUR 1.75 billion. On 23 March 2012, the Brussels Commercial Court ruled in favour of Ageas, dismissing all claims of the former MCS holders. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 remains legally valid and no compensation is due. Certain former MCS holders appealed against this judgment, claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. No dates are fixed for the hearings.

4.2 Legal proceedings initiated by RBS

On 1 April 2014, Royal Bank of Scotland (RBS) initiated two legal actions against Ageas and other parties: (i) an action before the Brussels Commercial Court in which RBS claims an amount of EUR 75 million, based on an alleged guarantee given by Fortis in 2007 in the context of a share deal between ABN AMRO Bank (now RBS) and Mellon and (ii) an arbitration procedure before ICC in Paris in which RBS claims a total amount of EUR 135 million, i.e. the alleged EUR 75 million guarantee and EUR 60 million arising from escrow provisions. In March 2016, RBS dropped this latter claim of EUR 60 million.

5. Hold harmless undertakings

In 2008, Fortis granted certain former executives and directors, at the time of their departure, a contractual hold harmless protection covering legal expenses and, in certain cases, also the financial consequences of any judicial decisions, in the event that legal proceedings were brought against them on the basis of their mandates exercised within the Fortis group. Ageas contests the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

Furthermore, and as standard market practice in this kind of operations, Ageas entered into agreements with certain financial institutions facilitating the placing of Fortis shares in the context of the capital increases of 2007 and 2008. These agreements contain indemnification clauses that imply hold harmless obligations for Ageas subject to certain terms and conditions. Some of these financial institutions are involved in certain legal proceedings mentioned in this chapter.

In the context of a settlement with the underwriters of D&O liability insurance and Public Offering of Securities Insurance policies relating to the events and developments surrounding the former Fortis Group in 2007 - 2008, Ageas granted a hold harmless undertaking in favour of the insurers for the aggregate amount of coverage under the policies concerned. In addition, Ageas granted certain indemnity and hold harmless undertakings in favour of certain former Fortis executives and directors and of BNP Paribas Fortis relating to future defence costs.

6. General observations

If the Settlement becomes final, the civil proceedings mentioned in section 1 will be settled, except for the claimants who timely opt out. These claimants can continue or start proceedings against Ageas. As mentioned above, a provision of EUR 1 billion has been recognized for the Settlement, including EUR 62 million for the tail risk.

If the Settlement would not be implemented, the civil proceedings mentioned in section 1 may continue. In that case, without prejudice to any specific comment made elsewhere in this chapter, given the various stages, the continuously evolving nature and the inherent uncertainties and complexity of the current proceedings described herein, Ageas's management is not in a position to assess the outcome of the claims or actions brought against Ageas, nor can it determine whether they can be successfully contested or whether they might or might not result in significant losses in the Ageas Consolidated Financial Statements. Ageas will make provisions if and when, in the opinion of management and the Board of Directors, consulting with its legal advisors, it considers that, for these matters it is more likely than not that payments will need to be made by Ageas and that the relevant amounts can be reliably estimated.

However, if any of these proceedings were to lead to negative consequences for Ageas or were to result in awarding monetary damages to plaintiffs claiming losses incurred as a result of Fortis miscommunication or mismanagement, this could have substantial consequences on Ageas's financial position. Such consequences remain unquantifiable at this stage.

27.2 Liabilities for hybrid instruments of former subsidiaries

In 2007 BNP Paribas Fortis SA/NV issued CASHES (Convertible And Subordinated Hybrid Equity-linked Securities), with ageas SA/NV acting as co-obligor (BNP Paribas Fortis SA/NV was at that point in time a subsidiary). From the original 12,000 securities issued, 3,791 securities remain outstanding, representing a nominal amount of EUR 948 million.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 4,167,592 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor plus 200 basis points, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV via issuance of new shares in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

In an agreement reached in 2012, that amongst others led to the tender and subsequent conversion of CASHES, Ageas agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

27.3 Other contingent liabilities

Together with BGL BNP Paribas, Ageas Insurance International N.V. has provided a guarantee to Cardif Lux Vie S.A. for up to EUR 100 million to cover outstanding legal claims related to Fortis Lux Vie S.A., a former subsidiary of Ageas that was merged at year-end 2011 with Cardif Lux International S.A.

Furthermore, certain individual customers of Ageas France, a fully owned subsidiary of Ageas Insurance International, filed claims against Ageas France in connection with its alleged unilateral modification of the terms and conditions of the "Corbeille Selection" product by on-charging certain transaction fees. In addition to claiming reimbursement of these fees, plaintiffs also claimed prejudice for past and looking forward lost opportunities for arbitrating between Unit-linked funds and a guaranteed fund using latest known value dates. In November 2014 Paris Appeal Court confirmed the first instance decision allowing the claims and appointed experts to determine the scope of indemnification. On 26 January 2015 Ageas filed an appeal before the Supreme Court.

28 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated Interim Financial Statements as at 30 June 2016.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated Interim Financial Statements for the first six months of 2016 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC).

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated Interim Financial Statements of the first six months of 2016 give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained therein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors reviewed the Ageas Consolidated Interim Financial Statements for the first six months of 2016 on 9 August 2016 and authorised their issue.

Brussels, 9 August 2016

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Filip Coremans
Chief Operating Officer	Antonio Cano
Directors	Roel Nieuwdorp
	Lionel Perl
	Jan Zegering Hadders
	Jane Murphy
	Lucrezia Reichlin
	Richard Jackson
	Yvonne Lang Ketterer

Review report

Statutory auditor's report to the Board of Directors of ageas SA/NV on the review of the condensed consolidated interim financial information as at 30 June 2016 and the six-month period then ended.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ageas SA/NV as at 30 June 2016, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three and six-month period then ended, and notes to the condensed interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2016 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to note 16 Provisions to the condensed consolidated interim financial statements as at 30 June 2016 and for the six-month period then ended, which describes that Ageas has recognized a provision relating to the global settlement related to the Fortis events of 2007 and 2008 with a net impact on the Group net results of EUR 889 million. The note describes that the settlement will only be final (i) if the Amsterdam Appeal Court has declared the Settlement binding and (ii) if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination rights.

Furthermore, without qualifying our conclusion, we draw your attention to note 27 Contingent liabilities to the condensed consolidated interim financial statements as at 30 June 2016 and for the six-month period then ended in which it is described that Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium as a result of the events and developments having occurred between May 2007 and October 2008 with respect to the former Fortis group. If these proceedings were to be successful, this could have substantial consequences for Ageas' financial position. Such consequences remain unquantifiable at this stage.

Brussels, 9 August 2016

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Karel Tanghe
Réviseur d'Entreprises/ Bedrijfsrevisor