



PRESS RELEASE

Brussels/Utrecht, 25 August 2010

Half year results 2010

First half year marked by robust inflow levels

■ Increased inflows at **EUR 9.6 billion, +22%**

- ◆ Inflows in Asia up 59%
- ◆ Steady growth in both Life (+23%) and Non-Life (+18%)
- ◆ Inflows on a consolidated basis up 8% to EUR 6.4 billion

■ Net profit Insurance of **EUR 180 million**

- ◆ Strong Life contribution of EUR 178 million driven by Belgium and Asia
- ◆ Non-Life EUR 6 million negatively impacted by adverse winter conditions in some markets, weak performance Workmen's Compensation and capital losses in Belgium on sale of Southern European sovereign bonds
- ◆ Other Insurance growing steadily at EUR 8 million

■ Group net profit of **EUR 455 million**

- ◆ Positive net result General Account, enhanced by recognition deferred tax assets partially offset by lower valuation call option on BNP Paribas shares and higher valuation RPN(I)
- ◆ Valuation call option on BNP Paribas shares positively impacted by Board decision to move to a gradual exercise
- ◆ Positive net result related to Royal Park Investments (EUR 23 million)

■ Further **strengthening and de-risking of balance sheet**

- ◆ Southern European sovereign bond exposures halved to EUR 8.9 billion
- ◆ Capital position remains strong at 226%; EUR 6.0 billion above regulatory minimum
- ◆ Shareholders' equity up to EUR 9.2 billion from EUR 8.4 billion end 2009

CEO Bart De Smet said: "Ageas maintained its strong commercial performance in the 2nd quarter with inflow levels up more than 20% in the first six months. Based on this result and taking into account the uncertain economic outlook, we remain confident and reconfirm our expectations that 2010 group inflows should exceed 2009 levels.

We reduced significantly our concentration risk to Southern European sovereign bonds, both in Life and Non-Life and an important part of the negative impact has been offset so far. Adjusting our investment strategy remains a key priority in order to optimize future yields. In Non-Life, combined ratios improved in the second quarter reflecting the corrective measures taken, but remained overall above the level of previous year. Comparison with past periods is difficult, but I would describe our first half net results in Insurance as resilient, despite the challenging market conditions. The positive net tax impact related to the planned liquidation of Fortis Brussels, led to a positive second quarter net result in the General Account. Together with the announced divestment of our Turkish insurance operations, these initiatives illustrate our deliberate and ongoing efforts to simplify and streamline our Group structure. At the same time we continue to grow our business, both organically and through selective acquisitions, as evidenced by the recent acquisition of Kwik-Fit's insurance business in our core UK market.

In summary, these results demonstrate that we continue to manage our businesses vigilantly and proactively while being alert to opportunities to strengthen our group and our future profit generation."

Your partner in Insurance

in EUR million

	H1 10	H1 09	H2 09	FY 09
Net profit Insurance before non-controlling interests	231.8	295.1	331.0	626.1
- Belgium	118.8	205.7	229.4	435.1
- UK	6.9	20.8	(7.6)	13.2
- Continental Europe	39.0	39.4	47.8	87.2
- Asia	67.1	29.2	61.4	90.6
Net profit Insurance attributable to shareholders	180.5	260.4	244.6	505.0
- Belgium	87.9	195.4	171.0	366.4
- UK	8.3	20.8	(7.1)	13.7
- Continental Europe	17.2	15.0	19.3	34.3
- Asia	67.1	29.2	61.4	90.6
Net profit General Account (incl. eliminations)	274.5	635.4	69.4	704.8
- Net profit General Account excl. value call option	395.5	153.4	(29.6)	123.8
Net profit attributable to shareholders	455.0	895.8	314.0	1,209.8
- Net profit attributable to shareholders excl. value call option	576.0	413.8	215.0	628.8
Funds under management (in EUR bn)	76.0	68.5	73.0	73.0
Operating cost Life/ FUM Life ratio	0.52%	0.56%	0.59%	0.59%
Combined ratio	105.8%	104.1%	104.3%	103.8%
Total solvency ratio Insurance	226%	229%	234%	234%
Weighted average number of ordinary shares (in million)	2,475	2,475	2,475	2,475
Earnings per share (in EUR)	0.18	0.36	0.12	0.49
- Earnings per share excl. value call option (in EUR)	0.23	0.17	0.08	0.24
Shareholders' equity	9,153	7,760	8,431	8,431
- Shareholders' equity excl. value call option	8,394	7,278	7,850	7,850
Net equity per share (in EUR)	3.70	3.14	3.41	3.41
- Net equity per share excl. value call option (in EUR)	3.39	2.94	3.17	3.17
Dividend per share (in EUR)	-	-	-	0.08
Return on equity*	8.8%	6.2%	9.1%	15.3%
- Return on equity per share excl. value call option	9.8%	2.9%	5.1%	8.0%

* H1 10 return on equity calculated on the basis of a 12-months profit and a 4-period net equity rolling average; Previous half years calculated as a rolling average based on 6-months net profit

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Content

Executive summary	3
Insurance	5
General Account	7
Group	8
Description of the business segments	9
◆ Belgium	10
◆ United Kingdom	14
◆ Continental Europe	17
◆ Asia	20
◆ General Account (incl. eliminations and consolidation adjustments)	23
◆ Investment portfolio and capital position	29
Disclaimer	34
Annexes	35
Annex 1 : Consolidated Statement of financial position as per 30 June 2010	35
Annex 2 : Income Statement	36
Annex 3 : Key performance indicators	37
Annex 4 : Half year data per segment	41
Annex 5 : Comparable inflow data	46
Annex 6 : Inflows per region	48

Executive summary

On 28 and 29 April 2010 the respective General meetings of shareholders of Fortis SA/NV and Fortis N.V. approved the proposal submitted by the Board of Directors to change the company's name from "Fortis" into "Ageas". As of 30 April 2010, the company adopted the new name and as a consequence our listing and all formal communication are under the name "Ageas". As of the first quarter Ageas reports its results in line with the new reporting and management structure organized along four distinct insurance business lines : Belgium, United Kingdom, Continental Europe and Asia. This should further enhance transparency and offer a better understanding of the business dynamics of the various activities. Ageas published restated accounts over 2009 in line with the new reporting structure at 22 June 2010.

Ageas's first half results are marked by robust inflow levels, especially in Asia, and a resilient net profit for our Insurance operations. Overall **inflow levels** grew by 22% compared to last year. At constant exchange rates, inflows would have grown 20% on last year. Life inflows amounted to EUR 7.7 billion up 23%, Non-Life gross written premiums increased 18% to EUR 1.9 billion. In Non-Life, Gross Written Premiums were partially fueled by tariff increases in both Belgium and United Kingdom. Second quarter' inflows declined by 7% compared to the first quarter but year on year increased by 25%.

All segments reported higher inflows, except for Belgium which remained fairly stable. The Asian businesses increased inflows in the first half across all countries, in total by nearly 60%, to in excess of EUR 3 billion. AG Insurance, Ageas's Belgian insurance activity maintained its high inflow levels of last year, with the broker channel compensating for a slightly lower inflow through the bank channel. In Continental Europe, the Luxembourg and French operations continued their recovery, which began in the late part of 2009, while the Italian Non-Life activities have been consolidated as of the first quarter of this year. The UK activities have continued to grow steadily with positive developments in both Commercial and Personal lines.

The start-up of Tesco Underwriting by the end of the year and the acquisition of Kwik-Fit Insurance Services, announced early July, is expected to further boost the development of the UK operations, leading to a stronger presence in Non-Life retail distribution and consolidating our market position as the fourth largest Personal lines intermediary distributor.

The first half **net result after minorities** for the total Insurance operations amounted to EUR 180 million, compared to EUR 260 million last year. The lower net result relates among others to higher non-controlling interests in Belgium this year and a one-off tax benefit in Belgium in the first half of last year of EUR 94 million. The first six months of this year were marked by strong Life results, more than offsetting a weak performance in Non-Life. Life results were negatively impacted by the capital losses incurred as a result of the sale of an important part of Ageas's Southern-European sovereign exposure and the impact of lower equity markets, largely offset by capital gains on real estate in Belgium and Asia (EUR 64 million in total). Non-Life results suffered from the unusual heavy winter conditions, resulting in an increase in the frequency and severity of claims, mainly in Motor and Household, the latter especially in Belgium. Moreover, the results from the Non-Life Belgian operations included a net negative impact from capital losses on the sale of Southern European sovereign debt. Combined ratios deteriorated in both Belgium and the UK but evolved positively in the second quarter thanks in particular to the first results of the corrective measures taken, such as tariff increases. Specifically in Belgium, Workmen's Compensation performed below expectations because of a weak prior and current year claims evolution. The combined ratio, including Workmen's Compensation at group level was slightly up to 105.8% compared to 104.1% last year. Excluding Workmen's Compensation the combined ratio at group level was 103.7%, compared to 103.9% last year.

The net result of the General Account was positive at EUR 275 million, due to developments in the second quarter including the positive impact of the deferred tax asset recognition linked to the decision to liquidate Brussels Liquidation Holding (formerly Fortis Brussels), which compensated for the lower valuation of the fair value of the call option on the BNP Paribas shares and the higher valuation of RPN(I).

As previously communicated, Ageas significantly reduced its concentration risk on Southern European government bonds in the first half. Compared to its position at the end of 2009, total exposure on these bonds fell from EUR 17.8 billion to EUR 8.9 billion (at historical cost) within a total investment portfolio of EUR 56.9 billion (at historical cost). The restructuring of the portfolio has generated both capital gains and losses. The final negative impact on the net result of the Group in the first half, taking into account the compensating impact of capital gains on real estate and lowering the profit sharing provisions, is EUR 26 million. In the short term net results, especially in Belgium, may be affected by the negative impact of lower yields resulting from the reinvestment of the proceeds into lower yielding investments.

Actions have been undertaken to adjust the investment strategy in order to optimize future yields on the investment portfolio. Despite the widening of the credit spreads on the Southern European government bonds, unrealized capital gains on the government bond portfolio only came down from EUR 871 million to EUR 707 million, with unrealized gains on Belgian, German and French bonds mostly compensating for lower gains or losses on the positions in Southern Europe. Moreover the unrealized gains on the total bond portfolio increased to EUR 1.7 billion driven by higher unrealized gains on corporate bonds.

Insurance

For more comments by segment we refer to the detailed comments on p.9 to p.22.

Gross inflows

Total gross inflows for the first half, including EUR 3.2 billion from non-consolidated partnerships on a 100% basis, amounted to EUR 9.6 billion, up 22% compared to last year and up 8% on a consolidated basis. The inflow levels are marked by significant and robust growth across Asia, with China excelling (+72%). Inflows were up in all regions except for Belgium where they remained stable.

First half inflows in the **Life** activities, including non-consolidated activities at 100%, reached EUR 7.7 billion, up 23% on the same period last year. Solid and continued growth in Asia (+63%) and better inflows in Continental Europe (+20%), due to the recovery of the Luxembourg and French operations, were the main drivers. In Belgium, inflow levels at AG Insurance declined 3%. Somewhat lower inflows via the bank channel could not be entirely compensated by continued strong sales via the broker channel. In **Non-Life** gross written premiums reached EUR 1.9 billion, up 18%. All segments showed steady growth with the United Kingdom, Ageas's second largest main Non-Life market, and Asia growing respectively 20% and 26%. In the UK in particular, the Commercial line continues to develop well alongside Personal lines. The start-up and first time consolidation of the new partnership in Italy contributed EUR 108 million to inflows, resulting in an increase of Continental Europe of 79%. In Belgium, growth amounted to 5%.

Life funds under management in the consolidated activities increased across all segments and amounted to EUR 71 billion. Life funds under management of the non-consolidated partnerships (Asia) were up 50% to EUR 15 billion, including the impact of the weakening of the euro (EUR 2.4 billion). Total funds under management of consolidated entities and including Non-Life, amounted to EUR 76 billion compared to EUR 73 billion end 2009.

Net profit

Ageas's insurance **net profit after minorities** amounted to EUR 180 million broken down by EUR 88 million in Belgium, EUR 8 million in the UK, EUR 17 million in Continental Europe and EUR 67 million in Asia. This compares to a net profit of EUR 260 million last year, including a positive result of EUR 32 million on the restatement of the 2009 half year accounts following the combined impact of the new segmentation and the implementation of the new Chinese Accounting Standards. Non-controlling interests increased from EUR 35 million to EUR 51 million, mainly due to higher non-controlling interests in Belgium (25%). The latter also benefited in 2009 from a one-off tax recovery of EUR 94 million.

The net Life profit amounted to EUR 178 million while the Non-Life activities reported a net loss of EUR 6 million. The segment Other Insurance, including the UK retail operations, grew steadily and contributed EUR 8 million to the total Insurance result. Going forward, the contribution of this business line is expected to grow further in the UK driven by the acquisition of Kwik-Fit Insurance Services in July. Challenging financial markets impacted both Life and Non-Life in all segments except for the UK.

The restructuring of the investment portfolio in the first half of this year, mainly in Belgium, resulted in capital losses with a total net impact on Ageas's results of around EUR 55 million, partially offset by a capital gain of EUR 29 million on the sale of real estate in the Brussels area. In Asia, Ageas also recorded a capital gain on the sale of the Fortis Centre in Hong Kong end of May amounting to EUR 35 million partially compensating for an impairment of EUR 12 million in China due to lower equity markets.

The Life **operating margin and technical result** improved significantly mainly on the back of a better performance in Belgium due to higher volumes and a better investment margin, and in Asia, the latter benefitting from the capital gain realised in Hong Kong. In Non-Life, both the operating margin and the technical result were impacted by the adverse weather conditions and the capital losses on the sale of Southern European sovereign government bonds.

The negative weather impact occurred especially in the first quarter of the year in addition to a cost related to an increase in frequency and claims severity both in Motor, in Belgium and the United Kingdom and in Household, in Belgium. In Belgium, Workmen's Compensation performed below expectations due to an adverse prior and current year claims development. Combined ratios in Ageas's main Non-Life operations, Belgium and the UK, ended at 107.1% and 106.5% respectively. However the evolution in the second quarter was favourable, fuelled by a positive seasonal impact and the first results of the implemented action plans resulting in combined ratios of 100.5% and 102.9% in Belgium and the UK respectively.

Investment portfolio

Ageas's investment portfolio at fair value as at 30 June 2010 increased from EUR 56.4 billion end 2009 to EUR 58.5 billion mainly driven by new inflows and the revaluation of assets. The overall composition didn't change significantly compared to end 2009 with more than 90% invested in fixed income securities and around 3% in equities. 99% of the total fixed income portfolio is investment grade and about 90% of the total portfolio is rated A or higher.

Within its fixed income securities and in line with previous communication, Ageas took further measures in 2010 to restructure the concentration risk on Southern European sovereign bonds redeploying investments towards other European sovereign bond investments and corporate bonds. As of 30 June 2010 and since the 1st of January 2010, Ageas reduced its total position on Southern European sovereign bonds by EUR 8.9 billion (at historical/amortized cost) broken down as follows :

- ◆ Greece by EUR 2.4 billion to EUR 1.9 billion
- ◆ Portugal by EUR 1.4 billion to EUR 1.5 billion
- ◆ Italy by EUR 4.9 billion to EUR 3.7 billion
- ◆ Spain by EUR 0.2 billion to EUR 1.7 billion

As at 30 June, Ageas's total exposure to Greece, Portugal, Italy and Spain on a consolidated level amounted to EUR 8.9 billion at historical/ amortized cost and to EUR 8.2 billion at fair value. The vast majority of the Portuguese government bonds are held by Millenniumbcp Ageas. The remaining exposure essentially relates to the investment portfolio of AG Insurance in Belgium. The proceeds of the sales have been predominantly reinvested in government bonds in Belgium, Germany, the Netherlands and France and to a lesser extent in corporate bonds. The impact on net profit from the yield loss as a result of these sales could impact the net result in the second half of the year. Going forward, initiatives are under way to rebalance the investment portfolio and improve the yield returns.

The total gross unrealized capital gains on the government bond portfolio and on the total bond portfolio (including corporate bonds) evolved from EUR 0.9 billion and EUR 1.5 billion at the end of December 2009 to EUR 0.7 billion and EUR 1.7 billion respectively at the end of June 2010. The variance in government bonds mainly relates to higher unrealized gains on Belgian, German and French government bonds offset by increased unrealized capital losses on Southern European investments.

Investments in corporate bonds increased slightly as a result of the reinvestment of part of the proceeds of the sale of sovereign bonds. Investments took mainly place in government agencies and supra-nationals related bonds. Corporate bond investments are predominantly investment grade, partly in financials or financially related institutions with only minor investments in hybrid or non-Tier 1 related financial investments.

General Account

Net profit

The **General Account** segment reported a net profit of EUR 275 million in the first half of 2010, driven by the positive impact of the recognition of deferred tax assets totalling EUR 405 million related to the planned liquidation of Brussels Liquidation Holding (previously Fortis Brussels). The periodic revaluation of the call option on BNP Paribas shares and the fair value of the RPN(I) mechanism resulted in a charge of EUR 145 million. Ageas further fine-tuned its RPN(I) valuation model and decided to include the estimated net discounted value of the Belgian State Guarantee in the fair value of the RPN(I), resulting in an additional liability of EUR 54 million. The value of the call option on the 121 million BNP Paribas shares and the fair value of RPN(I) as per 30 June 2010 represented an asset of EUR 759 million and a liability of EUR 340 million respectively. With respect to the call option on the BNP Paribas shares, Ageas decided in principle to move to a gradual exercise strategy in accordance with a disciplined methodology. As a result Ageas decided not to apply a discount on volatility anymore for valuing the call option.

Royal Park Investments (RPI) realised a first half net result of EUR 51 million on an IFRS basis. As per 30 June, RPI performed an impairment test on its goodwill. The outcome of the test revealed no need for an impairment in the first half of 2010. Consequently, Ageas recognised a result of EUR 23 million in accordance with its shareholding in RPI. In addition, RPI concluded a number of swaps early 2010, which exchange part of the variable interest streams into fixed interest streams. Under IFRS these swaps have been designated as cash flow hedges. The fair value adjustments of the swaps flow through equity. As a result of the realised profit and the changes through equity, the value of Ageas's equity investment in RPI increased from EUR 760 million to EUR 840 million.

The recurring elements of the General Account mainly relate to net interest result on the net cash position and long term debt, staff costs and other operating and administrative expenses. The net result of these items in the first half amounted to EUR 27 million negative.

The net interest income was impacted by lower interest rates while expenses almost halved compared to last year due to the scaling down of the corporate centre and lower non-recurring costs.

Contingent liabilities

On 19 August 2010, the AFM has levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 each for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime situation and should have published information on its subprime position and exposure (both overall in the US, as well as a breakdown) in the trading update published by Fortis on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing and will appeal the decision of the AFM.

On 16 June 2010, the expert report commissioned by the Amsterdam Ondernemingskamer has been filed for public inspection. On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer to start legal proceedings aimed at establishing that certain facts mentioned in the expert report constitute mismanagement ("wanbeleid"). Ageas will challenge any allegations of wrongdoing. Where necessary, the Board of Directors has taken conservatory measures to safeguard the interests of the company vis-à-vis its former directors and officers relating to the exercise of their functions in 2007 and 2008. In the interest of the shareholders, the Board of Directors will for the time being give full priority to defending the company against all allegations that might result in new claims for damages being filed against Ageas and thus maintains its position to refrain at this stage, pending conclusive decisions by the Court, from commencing any proceedings against former directors and officers.

Please refer to note 27 of the Interim Financial Statements as per 30 June 2010 for the entire section of "Contingent liabilities".

Group

Shareholders' equity, net cash and capital position

Shareholders' net equity at 30 June 2010 amounted to EUR 9.2 billion compared to EUR 8.4 billion at the end of December 2009. Next to the positive result of the first half other factors contributing to the increase are higher unrealized gains and losses (EUR 0.2 billion) and currency revaluations of the Asian and UK participations (EUR 0.3 billion), partly offset by the payment of the 2009 dividend in June (EUR 0.2 billion).

Capital

Ageas's core equity amounted to EUR 8.9 billion on 30 June 2010 and exceeded the total consolidated regulatory minimum requirements of the insurance activities by EUR 6.0 billion, including the core equity at the level of the General Account (EUR 2.5 billion). Total available capital of the insurance activities amounted to EUR 6.6 billion, with minimum solvency requirements slightly up to EUR 2.9 billion due to the increase in activities. This led to a total solvency ratio for the global insurance operations of 226% compared to 234%¹ at the end of last year.

Net cash position

The net cash position in the General Account as at 30 June 2010, assuming full redemption of the European Medium Term Notes (EMTN) programme, amounted to EUR 2.1 billion, down from EUR 2.8 billion at year end. This decrease follows the 2009 dividend pay-out in June of EUR 0.2 billion and a medium term investment of EUR 0.5 billion, the latter therefore excluded from the net cash position. The level of discretionary capital at the end of June 2010 decreased to EUR 0.9 billion, mainly as a result of the reservation of cash for the acquisition of Kwik-Fit Insurance Services (EUR 0.2 billion) and scope changes.

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¹ 231% reported as per 10 March 2010; variance related to restatement 2009 accounts

Description of the business segments

Ageas's first half results reflect the new reporting structure along the lines of the four insurance business segments : Belgium, United Kingdom, Continental Europe and Asia. This initiative should facilitate increased transparency and a better understanding of the business dynamics of each of the different activities. Hereafter a short business description of the new segments :

Belgium

The Belgian insurance activities, operating since June 2009 under the name of AG Insurance, have a longstanding history. Total gross inflows in 2009 amounted to nearly EUR 7 billion and the company serves more than 2.5 million customers. 75 to 80% of total inflow relates to Life insurance while 20 to 25% to Non-Life. It offers a comprehensive range of Life and Non-Life products sold to private individuals and SMEs. It operates a multichannel strategy with distribution via more than 3,000 independent brokers and via the bank channels of BNP Paribas Fortis Bank and its subsidiaries. AG Employee Benefits is the dedicated business unit selling group life and health care products, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis Bank owns 25% of AG Insurance.

United Kingdom

Ageas's business in the UK is a leading national provider of Non-Life insurance solutions and a related Life protection business launched in 2008. The UK business has a strong presence in the personal lines market and is continuing to expand its commercial lines proposition. The split is around 83% Personal lines and 17% Commercial lines. 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 RIAS which has over a million customers in the growing +50 age market segment and Fortis Insurance Solutions which provides white label solutions to affinity partners, outsourcing services as well as direct internet promotion of its own brands. In the course of the second half of this year, the start-up of the partnership with Tesco Bank and the consolidation of Kwik-Fit Insurance Services will further strengthen the UK operations.

In order to provide transparency in respect of the contribution from its various business segments, Ageas decided to break down the UK results in three sub-segments – Life, Non-Life and Other Insurance, which includes the results of its retail operations.

Continental Europe

Continental Europe consists of the European insurance activities, excluding Belgium and the United Kingdom. It includes six countries and is a mix of leading positions in mature markets such as Portugal and Luxembourg and smaller positions in fast-growing markets or the new partnership in Non-Life in Italy. In 2009, about 95% of total inflows were Life related complemented with a Non-Life activity in Portugal and Luxembourg. As part of the strategic review in 2009, the Continental Europe segment took a number of initiatives to align its portfolio which led to the decision to sell the Non-Life activities in Luxembourg, our Turkish operations and to place the Russian operations in run-off.

Asia

Ageas is active in five countries in Asia with its regional office based in Hong Kong and the subsidiary in Hong Kong being fully-owned. The other activities are organised in the form of joint ventures with leading local partners and financial institutions in China, Malaysia, Thailand and India. In terms of reporting, Ageas reports on a consolidated basis on Hong Kong while the other stakes are accounted for as associates.

Belgium

Income Statement - Life						
Belgium - Life - <i>in EUR million</i>	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums	2,271.1	2,450.5	(7%)	2,318.2	(2%)	4,768.7
Investment contracts without dpf	379.8	295.4	29%	287.6	32%	583.0
Gross inflow Life	2,650.9	2,745.9	(3%)	2,605.8	2%	5,351.7
Operating costs	(88.7)	(83.6)	6%	(93.8)	(5%)	(177.4)
Technical result	186.9	157.2	19%	228.1	(18%)	385.3
Allocated capital gains	(59.0)	(45.6)	29%	(26.1)	*	(71.7)
Operating margin	127.9	111.6	15%	202.0	(37%)	313.6
Non-allocated other income and expenses	60.6	39.5	54%	50.7	20%	90.2
Profit before taxation	188.5	151.1	25%	252.7	(25%)	403.8
Income tax expenses	(49.4)	31.5	*	(63.6)	(22%)	(32.1)
Net profit attributable to non-controlling interests	35.8	8.8	*	46.8	(23%)	55.6
Net profit attributable to shareholders	103.3	173.8	(41%)	142.3	(27%)	316.1

Income Statement - Non-Life						
Belgium - Non-Life - <i>in EUR million</i>	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums Non-Life	851.7	808.4	5%	707.0	20%	1,515.4
Operating costs	(131.5)	(125.7)	5%	(124.0)	6%	(249.7)
Technical result	4.8	18.6	(74%)	54.6	(91%)	73.2
Allocated capital gains	(45.5)	(5.1)	*	(4.2)	*	(9.3)
Operating margin	(40.7)	13.5	*	50.4	*	63.9
Non-allocated other income and expenses	7.6	7.1	6%	6.4	18%	13.5
Profit before taxation	(33.1)	20.6	*	56.8	*	77.4
Income tax expenses	12.8	2.5	*	(16.5)	*	(14.0)
Net profit attributable to non-controlling interests	(4.9)	1.5	*	11.6	*	13.1
Net profit attributable to shareholders	(15.4)	21.6	*	28.7	*	50.3

Income Statement						
Belgium - <i>in EUR million</i>	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross inflow	3,502.6	3,554.3	(1%)	3,312.8	6%	6,867.1
Operating costs	(220.2)	(209.3)	5%	(217.8)	1%	(427.1)
Net profit attributable to shareholders	87.9	195.4	(55%)	171.0	(49%)	366.4

- **Inflow levels fairly stable at EUR 3.5 billion**
 - ◆ Life inflow down 3% to EUR 2.7 billion, due to lower inflows via the bank channel
 - ◆ Non-Life gross written premiums up 5% to EUR 0.9 billion

- **Net profit after minority interests at EUR 88 million (vs. EUR 195 million in H1 09)**
 - ◆ Combined net negative impact of capital losses on the restructuring of the investment portfolio, partially offset by lower profit sharing provisions and realised capital gains, of EUR 26 million
 - ◆ Minority interests at EUR 31 million compared to EUR 10 million last year
 - ◆ Positive non-recurring tax benefit in 2009 of EUR 94 million
 - ◆ Strong technical result of EUR 192 million (vs. EUR 176 million in H1 09)

- **Life Funds under management at EUR 46.9 billion (vs. EUR 45.4 billion end 09) or +3%**

- **Overall combined ratio at 107.1%, or 103.1% when excluding Workmen's Compensation**
 - ◆ Improved combined ratio, including Workmen's Compensation, in 2nd quarter to 100.5%
 - ◆ Combined ratio, excluding Workmen's Compensation in 2nd quarter down to 95.7%

Total **gross inflows** in the first half amounted to EUR 3.5 billion, almost in line with last year's levels. Life inflows declined 3% and reached EUR 2.7 billion. Lower inflows in the bank channel, in particular in traditional savings, was only partly compensated by higher sales in unit-linked products and by a better performance through the broker channel. Non-Life gross written premiums increased by 5% reaching EUR 852 million, with all product lines contributing but especially in Motor and Healthcare.

The **first half year' net profit** amounted to EUR 87.9 million, compared with EUR 195.4 million last year. Minority interests increased to EUR 30.9 million. In addition, the 2009 net result benefited from a one-off dividend tax recovery of EUR 94 million.

The net result is marked by a net negative impact after minorities of EUR 26 million related to the restructuring of the investment portfolio during the first half. This amount breaks down into a negative impact of EUR 55 million related to the sale of Southern European sovereign bonds, partially offset by a capital gain of EUR 29 million on the sale of real estate in the Brussels region in the second quarter. In addition, Non-Life results were affected by the significant impact of weather related claims in the early part of the year and an increased frequency in permanent disability claims in Workmen's Compensation.

Operating costs amounted to EUR 220.2 million (+5%), mainly due to non-recurring separation costs and increased staff expenses, including the traditional impact of the annual salary review. Despite the higher operating costs, the main cost ratios both in Life and Non-Life remained stable at 0.39% and 16.7% respectively.

The **combined ratio** at the end of June stood at 107.1% compared with 105.6% last year. Excluding Workmen's Compensation, the combined ratio improved to 103.1% from 105.5% last year. The high combined ratio is mainly caused by the winter related events in Fire and Motor and by an increased frequency and a less favourable development of prior year claims in Workmen's Compensation. The absence of the negative seasonal impact and the first results of corrective measures led to an improved combined ratio of 100.5% in the second quarter. Excluding Workmen's Compensation, the second quarter' combined ratio stood at 95.7%.

Life

Life **inflow** reached EUR 2.7 billion, down 3 % on last year. Individual Life inflow amounted to EUR 2.2 billion, 2% below last year's level. Group Life reached EUR 0.5 billion, 5% below last year.

Individual Life in the bank channel was down 6% on last year due to a combination of a lower appetite for traditional savings products, suffering from the decreased guaranteed interest rates and the absence of specific marketing campaigns compared to last year. Unit-linked sales, confirmed the upward trend of the first quarter with inflows up 37%, driven by the sales of 8 tranches of structured closed-end products.

Inflows via the broker channel increased 15% supported by strong sales of the products “Top Rendement Invest” and “Safe return +”, confirming the positive trend of the second half of 2009.

Group Life business, distributed via the Employee Benefits channel, came down 5% compared to last year. Last year’s inflows however included exceptional premium payments to cover the underfunding of certain group unit-linked contracts.

Annualised premium equivalent (APE) increased by 11% to EUR 247 million from EUR 223 million due to positive unit linked sales at bank channel supported by increased savings inflow at broker channel. Decreased saving inflows via the bank channel somewhat offset this.

Life’ **funds under management** increased to EUR 46.9 billion (+3%) compared with EUR 45.3 billion end 2009 and by 8% compared to June 2009, with both unit-linked and non-unit linked contributing. Funds under management related to non-unit linked business increased by 8% to reach EUR 40.3 billion. Unit-linked funds under management increased 9% driven by the inflow generated by the additional tranches of structured unit-linked sold. Compared to June 2009, funds under management at Employee Benefits increased 6% to EUR 11.6 billion while funds under management in Individual Life reached EUR 35.3 billion (+9%). Based on Funds under Management, AG Insurance further strengthened its leadership with a market share currently standing at 28%.

The first half **net profit** amounted to EUR 103.3 million, down from EUR 173.8 million on last year (-41%). The **technical result and operating margin** held up well compared to last year amounting to EUR 186.9 million and EUR 127.9 million respectively, driven by higher volumes and a better investment margin.

The lower net result is largely explained by the net impact of the restructuring of the investment portfolio and the higher non-controlling interests this year, the latter amounting to EUR 35.8 million (vs. EUR 8.8 million in 2009). AG Insurance also benefited in 2009 from a one-off dividend tax recovery of EUR 86 million, partially offset by the negative impact from the financial markets.

Furthermore, AG Insurance significantly reduced its exposure to Southern European sovereign bonds in the context of a restructuring of the concentration risk of its global investment portfolio. This resulted in an estimated net negative impact after minorities and including lower profit sharing assumptions of EUR 29 million. A capital gain on the sale of real estate in the Brussels region in the second quarter of EUR 26 million net-of-tax and after minorities, partially compensated this negative variance.

Non-Life

Gross written premiums were up 5% on the same period last year and reached EUR 852 million. All product lines were marked by growth, however most noticeably in Motor and Health Care, and the positive impact of general tariff increases applied throughout the first half of this year. Motor TPL and material damage tariffs increased 3.5% as from January 2009 and 4.5% as from the first of January 2010 on both new business and portfolio. As of July 2009 CATNAT tariffs increased from 0.13bp to 0.20bp (+50%) which corresponds to a 3.5% annual premium increase on the entire Fire portfolio. Additional tariff increases are envisaged in the coming months.

Gross written premiums via the broker channel in the first half year increased to EUR 610 million, up 5% on last year. Inflows in SME and corporate lines increased 6% to EUR 332 million while retail inflows went up 4%. Non-Life gross written premiums through the bank channel reached EUR 121 million, slightly up on prior year. Health Care premiums, distributed through the Employee Benefits channel, rose 10% compared to the same period last year, reaching EUR 121 million mainly fuelled by new business in group health care and sector plans.

Net profit amounted to EUR 15.4 million negative. Thanks to the improved combined ratio in the second quarter, the pre-tax **technical result** improved to EUR 4.8 million positive compared to the first quarter, however remaining below last year's levels (EUR 19 million). Similar to the Life activities, the operating margin suffered from capital losses related to the restructuring of the Southern European sovereign bond exposure for a net amount of EUR 23 million after tax. The combination of the latter and the weak operational performance resulted in an **operating margin** of EUR 40.7 million negative compared with EUR 13.5 million positive last year.

Extreme winter conditions and the storm Xynthia severely impacted the operating performance in the first quarter of 2010. In addition, the first quarter was marked by an increased claims frequency and a less favourable development of prior year claims in Workmen's Compensation as well as some large claims in Fire resulting in an increased overall combined ratio. The first half **combined ratio**, including Workmen's Compensation, increased to 107.1%, compared with 105.6% last year. Excluding Workmen's Compensation, the combined ratio improved to 103.1% in 2010 compared to 105.5% last year. However, in the second quarter the combined ratio significantly improved to 100.5% compared to 113.6% in the first quarter and 104.0% in the same quarter last year, due to a positive seasonal impact and the first positive results from management actions. Excluding the impact of Workmen's Compensation, the combined ratio has dropped even further to 95.7%.

Notwithstanding this positive evolution, the prior and current year claims development in Workmen's Compensation has continued to remain weak in the second quarter as well.

As previously announced, a set of corrective measures in Motor & Fire has been implemented such as tariff increases and the adjustment of product features since the beginning of this year. The first positive impact can be seen in the first half year results, however the full impact of the measures taken is not expected to be seen before mid 2011. A recent market survey² performed by Assuralia pointed out that the increased motor claims frequency as well as the increased average large claim cost can be considered as market phenomena.



² Assurinfo Nr 12, 25 March 2010

United Kingdom

Income Statement - Life						
UK - Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums	11.2	3.1	*	6.8	65%	9.9
Investment contracts without dpf	-	-	*	-	*	-
Gross inflow Life	11.2	3.1	*	6.8	65%	9.9
Operating costs	(11.3)	(9.8)	16%	(10.2)	10%	(20.0)
Technical result	(3.2)	(5.2)	(39%)	(3.8)	(19%)	(9.0)
Allocated capital gains	-	-	*	-	*	-
Operating margin	(3.2)	(5.2)	(39%)	(3.8)	(19%)	(9.0)
Non-allocated other income and expenses	0.8	0.4	*	0.5	50%	0.9
Profit before taxation	(2.4)	(4.8)	(51%)	(3.3)	(30%)	(8.1)
Income tax expenses	0.7	1.3	(49%)	0.9	(30%)	2.2
Net profit attributable to minority interests	-	-	*	-	*	-
Net profit attributable to shareholders	(1.7)	(3.5)	(52%)	(2.4)	(30%)	(5.9)

Income Statement - Non-Life						
UK - Non-Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums Non-Life	538.3	449.1	20%	454.2	19%	903.3
Operating costs	(45.5)	(40.4)	13%	(35.1)	30%	(75.5)
Technical result	(3.5)	5.3	*	(23.3)	(85%)	(18.0)
Allocated capital gains	2.1	9.1	(77%)	0.8	*	9.9
Operating margin	(1.4)	14.4	*	(22.5)	(93%)	(8.1)
Non-allocated other income and expenses	2.4	9.6	(74%)	5.4	(53%)	15.0
Profit before taxation	1.0	24.0	(96%)	(17.1)	*	6.9
Income tax expenses	(0.3)	(6.7)	(96%)	4.5	*	(2.2)
Net profit attributable to minority interests	(1.4)	-	*	(0.5)	*	(0.5)
Net profit attributable to shareholders	2.1	17.3	(88%)	(12.1)	*	5.2

Income Statement - Other Insurance						
UK - Other Insurance - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Fee and commission income	59.4	54.0	10%	57.2	4%	111.2
Other income	2.3	0.5	*	(0.1)	*	0.4
Staff expenses	(24.2)	(21.7)	11%	(22.2)	9%	(43.9)
Other expenses	(26.5)	(23.0)	16%	(24.1)	10%	(47.1)
Profit before taxation	11.0	9.8	12%	10.8	1%	20.6
Income tax expenses	(3.1)	(2.8)	10%	(3.4)	(10%)	(6.2)
Net profit attributable to minority interests	-	-	*	-	*	-
Net profit attributable to shareholders	7.9	7.0	13%	7.4	7%	14.4

Income Statement						
UK - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross inflow	549.5	452.2	22%	461.0	19%	913.2
Operating costs	(56.8)	(50.2)	13%	(45.3)	25%	(95.5)
Net profit attributable to shareholders	8.3	20.8	(60%)	(7.1)	*	13.7

- **Inflow first half year at EUR 550 million, 22% up on last year, driven by growth in both Commercial and Personal lines**
- **Net profit after minorities of EUR 8.3 million (vs. EUR 20.8 million in H1 09)**
 - ◆ Severe weather in January led to an exceptional net cost of EUR 9 million
 - ◆ Lower investment income of EUR 11 million
- **Overall combined ratio of 106.5%**
 - ◆ Improved combined ratio in 2nd quarter to 102.9%
- **Tesco Bank partnership on track for launch by the end of the year**
- **Acquisition of Kwik-Fit Insurance Services early July, which will further strengthen the UK retail operations**

Inflow levels at half year were up 22% to EUR 550 million, driven by good growth in the UK's Personal and Commercial lines Non-Life business. The Life protection business continued to grow its market share while the performance of the retail operations, RIAS and Fortis Insurance Solutions (FIS), soon to become Ageas Insurance Solutions, remained strong in a competitive environment. The currency impact on inflows compared to last year amounted to EUR 15 million or 3% of inflow.

The first half **net profit after minorities** amounted to EUR 8.3 million compared to EUR 20.8 million last year. The net costs incurred in the set up of the new partnership with Tesco Bank (EUR 1.4 million), lower investment income and the deterioration seen in the motor market compared to the first half of 2009 are the main factors behind the lower profits.

The **operating performance** was impacted in the first quarter by severe and unusual weather conditions resulting in an increase in the combined ratios. This included an exceptional cost of EUR 9.4 million, related to escape of water claims costs in January. The result was also impacted by weak performance seen across the Private motor market. In the second quarter the Non-Life result improved, compared to the first quarter, reflecting seasonal factors as well as the positive impact of management actions. As a result, the Non-Life **combined ratio** for the first half was 106.5%, compared to 110.2% end of March 2010 and 104.3% end of June last year.

Life

Good progress continues to be made in the UK's protection business, launched in July 2008, reporting **gross inflows** of EUR 11 million for the first half of 2010, a significant increase on the same period last year (EUR 3 million). As indicated in the first quarter, Ageas has achieved its objective of making its protection products available to the whole of the IFA market, in which it now has a 5.1% market share. The company now provides cover to over 90,000 customers, an increase of more than 35% compared to last year and currently receives on average more than 700 applications per day.

In line with the planned development of the business, the **net loss** has been brought down in the first half to EUR 1.7 million, compared to a net negative result of EUR 3.5 million in the same period last year.

Non-Life

Total **gross written premiums** for the first half of 2010 increased by 20% to EUR 538 million, driven by the continued development of both the Personal and Commercial lines portfolios.

Within Personal lines, Private motor insurance represented an inflow of EUR 270 million, 5% up on last year. In addition both the Household and Travel books continued to grow to EUR 136 million (+32%) and EUR 32 million (+28%) respectively.

Complementing its strong Personal lines performance, the UK business also saw a 54% growth in Commercial lines to EUR 92 million. The first six months of 2010 saw the business launch fully into the Fleet market, improving its product offering with an enhanced Semploy Extra proposition³, broadening its Commercial underwriting footprint and continuing to develop its electronic trading capability making it easier and more efficient for brokers to work with us.

Market figures suggest that of the UK-based private motor insurers, the UK business has the lowest unit cost of production in the Private motor market and that the number of cars insured by the UK business, makes it the second largest UK based Private motor insurer.

The Non-Life performance was marked by a difficult first quarter followed by a better second quarter, producing a **net result after minorities** of EUR 2.1 million, compared to EUR 17.3 million last year. The negative impact of industry-wide issues including the severe weather experienced in January (EUR 9.4 million), poor private motor market performance and lower realized capital gains and investment income (EUR 11 million) are the main drivers behind the negative variance compared to last year. In addition, set up costs for the new partnership with Tesco Bank, planned to be operational by the end of this year, amounted to EUR 1.4 million for the first half.

The Non-Life **combined ratio** through to the end of June was 106.5%, up from 104.3% at the end of June 2009 but better than the first quarter of the year (Q1 10 : 110.2%), due to the positive impact of continuing management actions and the benefit of lower losses due to seasonal factors. This is also reflected in a combined ratio for the second quarter being at 102.9%. The ratio through the end of June reflects the negative impact of the severe winter weather experienced in the early part of this year. It is also impacted by the performance of the Private motor book which continues to be impacted by the industry-wide issues of increased personal injury claims and a continued need for overall rate strengthening. The UK business continues its consistent approach of pricing in line with the underlying risk, implementing rate increases in the first half of 2010.

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³ *Semploy Extra proposition refers to a de facto five star rated liability product for the self-employed market*

There is growing evidence that rates are increasing across the market.

Finally, the **new partnership with Tesco Bank** is still expected to start by the end of the year. The development of the supporting underwriting and claims systems has progressed well and the recruitment to support the partnership is well on track, with the senior management team now in place.

Other Insurance

The UK's retail operations, RIAS and Fortis Insurance Solutions (FIS), soon to become Ageas Insurance Solutions, continue to trade well in a competitive environment. The retail operations saw an 10% year on year increase in fee and commission **income** to EUR 59 million, driven by good customer retention, add-on income and growth in partnership income, building on the healthy pipeline of partnership opportunities secured in 2009. In addition to the company's first motor manufacturer branded scheme going live with Toyota (GB) PLC and its insurance partner in the UK, Aioi Motor and General Insurance Company of Europe Limited, a new strategic partnership to deliver fully branded motor and household insurance products to American Express' UK customer base was agreed upon recently.

Building on the combined capabilities of the UK companies, a new Whole of Life proposition was launched jointly by RIAS and Fortis Life, soon to become Ageas Protect, in the second quarter, creating an innovative proposition for RIAS' 1 million customers.

The recently announced purchase of Kwik-Fit Insurance Services will add 600,000 customers and 1.2 million policies as well as a strong performing brand to the UK's portfolio. It will consolidate Ageas as the fourth largest personal lines intermediary distributor in the UK and represents another step in the continuing development of the UK's multi-distribution strategy. Consolidation of the activity will take place in the third quarter of this year.

The **net profit** increased to EUR 7.9 million, up 13% on last year primarily on the strength of commission income growth and despite additional investments associated with the take-up of new schemes.

Continental Europe

Income Statement - Life

Continental Europe - Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums	1,106.7	791.6	40%	809.6	37%	1,601.2
Investment contracts without dpf	873.8	855.7	2%	1,249.0	(30%)	2,104.7
Gross inflow Life	1,980.5	1,647.3	20%	2,058.6	(4%)	3,705.9
Operating costs	(61.6)	(63.3)	(3%)	(65.6)	(6%)	(128.9)
Technical result	39.2	45.7	(14%)	39.3	(0%)	85.0
Allocated capital gains	2.9	0.3	*	0.1	*	0.4
Operating margin	42.1	46.0	(9%)	39.4	7%	85.4
Non-allocated other income and expenses	11.8	4.8	*	15.1	(23%)	19.9
Profit before taxation	53.9	50.8	6%	54.5	(1%)	105.3
Income tax expenses	(19.7)	(17.4)	13%	(15.9)	24%	(33.3)
Net profit attributable to minority interests	19.5	20.9	(7%)	23.8	(18%)	44.7
Net profit attributable to shareholders	14.7	12.5	18%	14.8	(2%)	27.3

Income Statement - Non-Life

Continental Europe - Non-Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums Non-Life	228.9	127.9	79%	107.5	*	235.4
Operating costs	(36.4)	(22.8)	60%	(22.7)	60%	(45.5)
Technical result	7.0	9.1	(23%)	13.3	(47%)	22.4
Allocated capital gains	1.5	-	*	-	*	-
Operating margin	8.5	9.1	(6%)	13.3	(36%)	22.4
Non-allocated other income and expenses	(1.2)	(0.5)	*	0.1	*	(0.4)
Profit before taxation	7.3	8.6	(14%)	13.4	(45%)	22.0
Income tax expenses	(2.5)	(2.6)	(4%)	(4.2)	(41%)	(6.8)
Net profit attributable to minority interests	2.3	3.5	(33%)	4.7	(50%)	8.2
Net profit attributable to shareholders	2.5	2.5	3%	4.5	(44%)	7.0

Income Statement

Continental Europe - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross inflow	2,209.4	1,775.2	24%	2,166.1	2%	3,941.3
Operating costs	(98.0)	(86.1)	14%	(88.3)	11%	(174.4)
Net profit attributable to shareholders	17.2	15.0	15%	19.3	(12%)	34.3

- **Inflow levels up 24% on last year to EUR 2.2 billion; Recovery Luxembourg and France confirmed**
- **Net profit after minorities at EUR 17.2 million (vs. EUR 15.0 million in H1 09)**
- **Further streamlining insurance portfolio with announced sale of Turkish operations**

Total gross inflows were up 24% on last year, confirming the positive trend of the second half of 2009. The strong commercial performance was mainly driven by excellent sales in Luxembourg and France, and the inclusion of the Italian non-life business. Both Luxembourg and French' operations benefited from a regained customers' confidence since the second half of last year. This trend continued in the first half of this year and boosted inflow levels in both countries. Both countries suffered, in particular in the first part of 2009, from the impact of the financial crisis in general but also from the turbulence around Fortis. Compared to a very strong first half in 2009, Portuguese inflows were down 8% but increased 8% compared to the second half 2009.

As from 1 January, the Italian partnership with BNP Paribas Assurance and UBI Banca, is operational and contributed EUR 108 million to the inflow levels of Continental Europe. The Non-Life activities in Luxembourg have been sold early January 2010.

Net profit after minorities reached EUR 17.2 million, compared to EUR 15.0 million last year. Better underwriting results, driven by higher volume, but also the positive impact of the streamlining of the insurance portfolio (discontinuation of the Russian operations) are the main drivers. This was partially offset by a reinforcement of the liabilities in Portugal linked to the widening of the credit spreads on Portuguese sovereign bonds.

Operating costs increased by 14%, especially in Non-Life due to the inclusion of Italy. Excluding Italy and Luxembourg Non-Life, operating costs decreased by 2%, due to cost containment measures in all companies.

End of July, Ageas has reached an agreement with BNP Paribas Assurance on the **sale of its Pension and Life activities in Turkey**. The transaction, likely to result in a limited capital gain and expected to close in the fourth quarter of 2010, is in line with Ageas's strategy to streamline its insurance portfolio.

Life

Life **gross inflow** reached EUR 2.0 billion, up 20 % compared to the first half of 2009, driven by the recovery of Luxembourg and France and more than offsetting lower inflows in Portugal (-10%).

Portugal remains Continental Europe's major operation. With inflow levels of EUR 1.1 billion the performance remained strong despite a turbulent market environment. Inflows were down 10%, however this compares with an exceptionally strong first half in 2009 in pension business as customers anticipated a potential interest rate reduction and lower structured unit-linked sales in 2010. In terms of Funds under Management, Millenniumbcp Ageas remains the undisputed market leader in Portugal. In Luxembourg (+141%) and France (+36%), the regained customer's confidence, renewed product offering and continued customer focus are driving the sales recovery. More specifically in Luxembourg, Ageas increased its product offering by launching a guaranteed interest rate product. In France, the partnership with Avenir Finance and its internet site Sicavonline took off in the second quarter of 2010 by cross-selling several products. The development of specific products for distribution via Avenir France but also dedicated training sessions on asset management products of Avenir France for staff of Fortis Assurances should foster the further development of the distribution of Avenir Finance products via Fortis Assurances and vice versa.

While unit-linked is still making up 46% of our life inflow, especially in Luxembourg, the growth has been predominantly driven by traditional saving products, up 56%, with the latter representing 43% of total life inflow. Customer preferences for savings products with a guaranteed element have been accommodated by developing products responding to customers' needs.

Funds under Management amounted to EUR 22.5 billion, up 16% on June 2009. Luxembourg and Portugal, managing more than 80% of Continental Europe's Funds under Management increased by 26% and 14% respectively. The higher Funds under Management are mainly due to inflow, reduced lapses and the overall shape of the financial markets, influencing the fair value of the unit-linked portfolio (63% of the total Funds under Management).

The **operating margin** fell to EUR 42 million (-9%) mainly due to the strengthening of the liabilities following the widening of the credit spreads on Portuguese sovereign bonds in the first half of this year. The negative impact was largely offset by higher volumes in both inflow and funds under management, a lower profit sharing, and an increased technical performance in Savings and Unit-linked business.

Operating costs were down 3% on last year's level due to cost containment initiatives in all major activities.

Net profit after minorities improved to EUR 14.7 million (+18%) on last year, despite the lower technical result and operating margin. Higher capital gains but also the positive impact of the further streamlining of the insurance activities drove the improvement.

Non-Life

Following the sale of the Luxembourg Non-Life franchise early January, the Continental Europe's P&C activities are concentrated in Portugal and Italy.

Non-Life **gross written premiums** reached EUR 229 million in the first half, compared to EUR 128 million last year. The increase mainly comes from the inclusion of the Italian operations (EUR 108 million) as of the beginning of the year. The Portuguese Non-Life activities grew 8% in an overall shrinking market, driven by the strong development of the health business on the back of the strong brand Médis (2nd largest health company).

More than 50% of the Non-Life business consists of Accident & Health while Motor counts for 24% of total inflow. In Portugal, Millenniumbcp Ageas's Motor product was considered 'best choice' by an important Portuguese consumer rights organisation, positively contributing to the sales networks' efforts.

The **operating margin** ended at EUR 8.5 million, slightly below last year's levels. The negative variance is related to the bad claims behaviour in Motor in Southern Italy. Corrective actions have been initiated in order to remedy this adverse situation. As a result, the overall **combined ratio** also increased to 99.1% compared to 91.4% at the end of June last year. With a combined ratio of 93.0% in Portugal - despite the hit of the Madeira storms in February - our Portuguese activity withstood well and remains very competitive.

Operating costs increased to EUR 36.4 million (+60%) due to the inclusion of Italy. Excluding scope changes (Italy and Luxembourg), operating costs are growing marginally with only 2%.

Net profit after minorities remained stable at EUR 2.5 million, despite a somewhat lower operating margin.

Asia

Income Statement - Life

Asia - Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums	106.1	103.1	3%	111.6	(5%)	214.7
Investment contracts without dpf	44.4	37.7	18%	44.4	0%	82.1
Gross inflow Life⁴	150.5	140.8	7%	156.0	(4%)	296.8
Operating costs	(18.4)	(18.8)	(2%)	(13.3)	39%	(32.1)
Technical result	11.1	5.0	*	6.6	67%	11.6
Allocated capital gains	34.0	0.3	*	4.1	*	4.4
Operating margin	45.1	5.3	*	10.7	*	16.0
Non-allocated other income and expenses	(3.0)	(4.8)	(32%)	(4.6)	(32%)	(9.4)
Profit before taxation. consolidated entities	42.1	0.5	*	6.1	*	6.6
Profit before taxation. associates	20.3	24.6	(17%)	49.2	(59%)	73.8
Income tax expenses	(0.2)	(1.0)	(83%)	(1.1)	(84%)	(2.1)
Net profit attributable to minority interests	-	-	*	-	*	-
Net profit attributable to shareholders	62.2	24.1	*	54.2	15%	78.3

Income Statement - Non-Life

Asia - Non-Life - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross written premiums Non-Life	-	-	*	-	*	-
Operating costs	-	-	*	-	*	-
Technical result	-	-	*	-	*	-
Allocated capital gains	-	-	*	-	*	-
Operating margin	-	-	*	-	*	-
Non-allocated other income and expenses	-	-	*	-	*	-
Profit before taxation. consolidated entities	-	-	*	-	*	-
Profit before taxation. associates	4.9	5.1	(4%)	7.2	(32%)	12.3
Income tax expenses	-	-	*	-	*	-
Net profit attributable to minority interests	-	-	*	-	*	-
Net profit attributable to shareholders	4.9	5.1	(4%)	7.2	(32%)	12.3

Income Statement

Asia - in EUR million	H1 10	H1 09	Change	H2 09	Change	FY 09
Gross inflow	150.5	140.8	7%	156.0	(4%)	296.8
Operating costs	(18.4)	(18.8)	(2%)	(13.3)	39%	(32.1)
Net profit attributable to shareholders	67.1	29.2	*	61.4	9%	90.6

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4 For inflow figures including the non-consolidated partnerships, please refer to annex 5 and 6.

- **Total inflows first half at EUR 3.4 billion, 59% up on last year**
 - ◆ Life gross inflow up 63% to EUR 3.1 billion
 - ◆ Non-Life gross written premiums up 26% to EUR 0.3 billion

- **Net profit at EUR 67.1 million including a capital gain of EUR 35 million (vs. EUR 29.2 million in H1 09)**
 - ◆ Life net profit after minorities of EUR 62.2 million, +158%
 - ◆ Non-Life net profit after minorities nearly stable at EUR 4.9 million
 - ◆ EUR 42 million net profit from consolidated operations

First half total **gross inflows**, including non-consolidated partnerships at 100%, reached EUR 3.4 billion, substantially above the inflow levels of last year (+59%). The growth achieved was well spread throughout the region, and in both our Life and Non-Life operations.

Funds under management of the consolidated operations grew 21% on end 09 to EUR 1.4 billion. Including the non-consolidated partnerships, Funds under Management rose strongly from EUR 10.7 billion at half year 2009 to EUR 16.1 billion, up 50%, including a 22% impact of the weakening of the EUR.

First half **net profit after minorities** rose to EUR 67.1 million, an increase of 130% on last year (EUR 29.2 million). The net profit includes a net capital gain of EUR 35 million related to the sale of the Fortis Centre in Hong Kong. The net profit of the consolidated operations, excluding the non-recurring capital gains in Hong Kong, remained strong at EUR 7 million (+239%) driven by improved technical results. The contribution from non-consolidated partnerships fell from EUR 29.7 million last year to EUR 25.2 million, mainly due to an impairment of EUR 12 million in China related to the lower equity markets.

Life

First half total Life **gross inflow**, including non-consolidated partnerships at 100%, amounted to EUR 3.1 billion, up 63% compared to last year. Excluding the positive exchange rate impact, the inflow rose by 58%. The first half gross inflow of the consolidated operations in **Hong Kong** reached EUR 151 million, 7% up on last year. New business grew 12% to EUR 32 million.

Consistent with the first quarter, the gross inflows of the non-consolidated partnerships continued to record impressive growth to EUR 2.95 billion or 67% more than last year supported by strong growth both in renewal premiums – up 74% to EUR 926 million - and new business – up 64% to EUR 2.0 billion. Outstanding growth has been achieved throughout the region, with China growing the strongest.

Inflow levels in **China** were driven by a continued expansion of distribution capacity - the agency force is currently almost 65,000 people - and product innovation. Single premium products in the bank channel and a new regular premium product line in the agency channel boosted gross inflow up 72% to EUR 2.1 billion. Single premium new business contributed EUR 1.1 billion (+83%) whereas regular premium new business grew 30% to EUR 423 million.

Muang Thai Life, Ageas's partnership in **Thailand**, grew its inflow levels by 50% on last year, up to EUR 349 million, despite widespread political instability in the country. Single premium business represented EUR 50 million (+104%) while regular premium new business amounted to EUR 93 million (+33%). Growth was driven by the bancassurance relationship with KASIKORN Bank, which is now Muang Thai Life's largest shareholder following the restructuring of the partnership in late 2009.

The partnership with Maybank in **Malaysia** continued the growth achieved in the first quarter. Gross inflow increased by 58% to EUR 432 million of which EUR 303 million was single premium (+ 79%). eTiqa's life insurance and Takaful family operations grew strongly, mainly driven by non-participating single premium product innovation and Takaful mortgage related life insurance premium production distributed through the bank channels.

IDBI Fortis Life Insurance Company in **India** recorded gross inflows of EUR 63 million, almost doubling inflow over last year (+92%). The growth is supported by the strong brands of both banking partners, IDBI Bank and Federal Bank, a balanced investment in agency distribution and a strong focus on product innovation. These solid figures are largely driven by an outstanding performance in the first quarter, typically the best quarter of the year. Recently a number of differences of opinion emerged among the various government agencies involved in the supervision of the design and marketing of Unit Linked Insurance Products ("ULIP") causing uncertainty in the market, which may affect sales in the months to come.

First half **net profit** after minorities amounted to EUR 62 million, compared to EUR 24 million last year (+158%). The three main components evolved as follows:

- ◆ The **consolidated operations** in Hong Kong contributed EUR 47 million compared to EUR 4 million last year, and includes a non-recurring net capital gain of EUR 35 million realized on the sale of Fortis Centre in Hong Kong in May.
- ◆ The net profit from the **non-consolidated partnerships** fell to EUR 20 million, compared to EUR 25 million last year. The decline is mainly explained by a lower contribution from China due to an impairment of EUR 12 million as a result of the lower equity markets. The application of the new Chinese Accounting Standards positively impacted the first half net profit by EUR 17 million and the first half 2009 results by EUR 10 million.
- ◆ Other cost and income in the region were a negative EUR 5.3 million compared to a negative EUR 4.2 million last year.

Non-Life

Non-Life **gross written premiums** - at 100% and entirely attributable to our non-consolidated partnerships in Malaysia and Thailand - increased 26% to EUR 270 million in first half year. Both joint ventures performed well, largely due to the strong development of the retail motor and corporate Marine, Aviation and Transport⁵ lines. Gross written premiums achieved EUR 219 million (+29%) and EUR 51 million (+16%) in Malaysia and Thailand respectively.

First half **net profit** after minorities slightly declined to EUR 4.9 million, compared to EUR 5.1 million last year, mainly due to lower investment income in Malaysia.

The pro-forma consolidated **combined ratio** for Asia region slightly improved from 97.7% last year to 96.2% in first half of this year.



⁵ MAT = Marine, Aviation and Transport

General Account (incl. eliminations and consolidation adjustments)

Income Statement						
<i>in EUR million</i>	H1 10	H1 09	Change	H2 09	Change	FY 09
Net interest Income	0.8	22.7	(96%)	(21.9)	*	0.8
Realised capital gains (losses) on investments	12.8	699.5	(98%)	18.3	(30%)	717.8
Other capital gains	(138.7)	507.7	*	173.3	*	681.0
Share in result of associates	20.2	(8.2)	*	(1.0)	*	(9.2)
Other income	(1.2)	(3.9)	(69%)	(10.3)	(88%)	(14.2)
Total income	(106.1)	1,217.8	*	158.4	*	1,376.2
Change in impairments	0.4	(363.9)	*	13.7	(97%)	(350.2)
Net revenues	(105.7)	853.9	*	172.1	*	1,026.0
Staff expenses	(10.1)	(19.8)	(49%)	(14.0)	(27%)	(33.8)
Other operating and administrative expenses	(18.4)	(32.7)	(44%)	(32.0)	(43%)	(64.7)
Total expenses	(28.5)	(52.5)	(46%)	(46.0)	(38%)	(98.5)
Profit before taxation	(134.2)	801.4	*	126.1	*	927.5
Income tax expenses	407.2	(166.0)	*	(57.3)	*	(223.3)
Net profit for the period	273.0	635.4	(57%)	68.8	*	704.2
Net profit attributable to non-controlling interests	(1.5)	-	*	(0.6)	*	(0.6)
Net profit attributable to shareholders	274.5	635.4	(57%)	69.4	*	704.8

- **Net profit of EUR 274.5 million (vs. EUR 635.4 million in H1 09)**
 - ◆ EUR 405 million non-recurring positive impact from the recognition of deferred tax assets related to the planned liquidation of Brussels Liquidation Holding (previously Fortis Brussels)
- **Value call option on BNP Paribas shares at EUR 759 million**
- **Fair value of RPN(I) at EUR 340 million**
- **Positive net result impact related to Royal Park Investments of EUR 23 million**
 - ◆ Value equity investment increased to EUR 840 million

The net profit of the General Account reached EUR 274.5 million for the first half of 2010. The result is driven by the positive impact of the recognition of deferred tax assets for an amount of EUR 405 million. Given the progress made with the liquidation of Brussels Liquidation Holding, Ageas is now in a position to recognise deferred tax assets related to the expected liquidation losses. The tax loss related to the liquidation is expected to amount to EUR 11.7 billion. At the end of June, an amount equal to the net deferred tax liabilities is recognised as a deferred tax asset. The positive impact of this operation has been partly compensated by a negative revaluation of the call option on the BNP Paribas shares for EUR 121 million and EUR 24 million related to the fair value of the RPN(I).

The net result also includes a positive contribution of EUR 23 million reflecting Ageas's proportional stake in the positive IFRS-result of Royal Park Investments in the first half of this year. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps with fair value movements flowing through equity. As a result of both events, Ageas's equity investment in RPI increased from EUR 760 million to EUR 840 million.

Furthermore the net result of the General Account includes a capital gain of EUR 12.4 million on the sale of the Non-Life insurance activities in Luxembourg to La Bâloise. Compared to last year, operating expenses decreased considerably to EUR 28 million, mainly because of the downsizing of the corporate centre since June 2009 and lower non-recurring costs.

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopted the level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At the end of June the total cost for RPN(I) amounted to EUR 340 million compared to EUR 316 million end of December 2009, or a negative impact on result of EUR 24 million. This amount can be broken down as (i) EUR 286 million reflecting the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) an additional liability of EUR 54 million related to the guarantee agreement between the Belgian State and Ageas. Ageas pays 70bps (annual rate) guarantee fee on the average reference amount of the RPN(I). Ageas decided to include the value of the future guarantee payments in the fair value of the RPN(I).

Reference values

On 30 June 2010 CASHES closed at 48.3% and the Ageas's share price closed at EUR 1.85. On 30 June, 3-month EURIBOR stood at 0.77%. The total interest payment for the first half amounted to EUR 3.2 million.

Assumptions

Ageas made the following key assumptions to determine the fair market value of the RPN(I) and of guarantee payments as per 30 June 2010 :

- ◆ Ageas's share prices have been projected using the standard geometric Brownian motion model, implemented at the end of 2009, and assuming an initial share price of EUR 1.85, the closing price of 30 June 2010, an average dividend yield of 4.3% over the expected term of the instrument and consistent with the observed 2009 dividend yield based on the closing share price of 30 June 2010. The share price volatility used amounted to 49% and is based on the implied volatility of 3-months options observed at the end of June 2010.
- ◆ The price of CASHES has been projected based on forward spread curves applicable to CASHES with an additional stochastic perturbation, with a risk free interest rate model calibrated on the market, and with initial spread curves calibrated on the value of the CASHES of 48.3% at the end of June. For modelling purposes, the CASHES have been assumed to have a constant maturity of 50 years at any point in the future, beyond which the

contribution of discounted free cash flows becomes negligible.

- ◆ The current and future risk-free rates have been calibrated on market data as at 30 June 2010 and projected through a standard arbitrage-free interest rate model
- ◆ The valuation model also accounts for the conversion option embedded in the CASHES at prices of EUR 23.94 (optional) and EUR 35.91 (automatic). The payment of extraordinary dividends corresponding to the value of the BNP Paribas option has a negligible impact on value and has been ignored.
- ◆ Projected future interest payments and the projected cost of the guarantee have been discounted along yield curves reflecting the risk associated with Ageas's liabilities such as RPN(I), based on the BBB-spread curve at the end of June and an additional spread of 375 bps calibrated on other perpetual market instruments issued by Ageas.

Sensitivities

The sensitivity of the fair value of the RPN(I) to changes in the parameters can be summarized as follows, assuming that other parameters remain unchanged :

- ◆ An increase in the initial price of the Ageas's share to EUR 2.20 decreases the fair value by EUR 15 million to EUR 325 million; a decrease of the starting value to EUR 1.50, increases the fair value by EUR 16 million to EUR 356 million.
- ◆ An increase of the market value of the CASHES to 53% increases the fair value by EUR 61 million to EUR 401 million; a decrease to 43% reduces the value by EUR 69 million to EUR 271 million.
- ◆ An increase of the risk-free interest rates by 50 bps along the yield curve increases the fair value by EUR 14 million to EUR 354 million; a decrease by 50 bps reduces the value by EUR 16 million to EUR 324 million
- ◆ A decrease in the discount rate of 100 bps increases the fair value by EUR 42 million to EUR 382 million; an increase of 100 bps reduces the fair value by EUR 36 million to EUR 304 million.

Assuming more favorable conditions for the four key parameters in the model (initial Ageas's share price of EUR 2.20, CASHES at 43%, risk-free yield curve shifted downward by 50 bps and discount rate 100 bps higher), the fair value of the RPN(I) would decrease to EUR 220 million.

Assuming less favorable conditions for the four key parameters in the model (initial Ageas's share price of EUR 1.50, CASHES at 53%, risk-free yield curve shifted upward by 50 bps and discount rate 100 bps lower), the fair value of the RPN(I) would increase to EUR 489 million.

The fair value of the RPN(I) shows no material sensitivity to the assumed share price volatility and dividend yield of the Ageas share.

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

Using the same methodology as in the past quarters, based on Black-Scholes model option valuation techniques, Ageas estimated the value of the 121.2 million BNP Paribas options to be EUR 759 million as of 30 June 2010 compared to EUR 880 million at the end of December 2009. Based on the progress in the liquidation of Brussels Liquidation Holding (previously Fortis Brussels), Ageas is now in the position to recognize deferred tax assets related to the expected tax loss on the liquidation of Brussels Liquidation Holding, offsetting the deferred tax liabilities recognized on the call option.

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

	30 June 2010	31 December 2009
BNP Paribas share price (EUR)	44.77	55.85
Strike price (EUR)	66.672	66.672
Implied volatility	39%	27%
Dividend yield	5.208%	3.565%
Price option (EUR)	8.95	10.37
Theoretical value of 121,2 mio options (EUR mio)	1,085	1,257
Haircut because of non-standard features call option	30%	30%
Estimated value (EUR mio)	759	880

Volatility

Given the very large number of options on BNP Paribas shares carried by Ageas, representing 10.24% of the BNP Paribas outstanding shares, the monetisation of the options is expected to have an impact on the value of traded options and hence the implied volatility. The volatility used in the valuation of the options at year end 2009 therefore included a size-discount of 7%. Ageas has now decided to move to a gradual exercise strategy in accordance with a disciplined methodology, in order to minimise the impact of the implied volatility of the shares on the value of the call option.

Following the move towards a gradual exercise strategy, Ageas decided to use the volatility as per 30 June 2010 based on the extrapolated implied volatility observed in the market at that date, without applying a discount, for valuing the call

option. The value of the call option at the end of June amounted to EUR 759 million, after adjustment for non-standard features. When taking into account the discount of 7% on the volatility, the value of the option would have amounted to EUR 528 million.

Sensitivities

Both the applied volatility and the dividend yield assumptions have a significant influence on the value of the options. A change in volatility of 5% on 30 June 2010 results in a 22% change in the theoretical value of the option. A decrease of the dividend yield to 4%, keeping other input variables equal, results in a 8% increase of the theoretical value of the options, while an increase of the dividend yield to 6%, results in a 5% decrease of the theoretical value of the options.

Royal Park Investments (RPI)

For the first half 2010, RPI's net result under IFRS, at 100%, amounted to EUR 51 million. As per 30 June, RPI performed an impairment test on the goodwill recognised by RPI on the acquisition of the loan portfolio and related funding. The outcome was that no impairment of goodwill was necessary in the first half of 2010. As a consequence, Ageas could account a positive contribution of EUR 23 million into the net result, in line with its stake in RPI, and reported under 'share

in result of associates'. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. All fair value movements flow through equity and increase the equity value as per 30 June by EUR 57 million. As a result of both events, Ageas's equity investment in RPI increased from EUR 760 million to EUR 840 million.

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

	IFRS In EUR 30-06-10	IFRS In EUR 31-12-09
Assets		
Securities	7,583	7,204
Deferred tax assets	955	943
Goodwill	1,724	1,724
Other assets	326	281
Total Assets	10,588	10,152
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	154	237
Commercial paper	5,057	1,431
Funding, super senior	2,980	3,375
Funding, senior	519	3,409
Total Liabilities	8,710	8,452
Shareholders' equity		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Cash Flow hedge reserves	127	
Retained earnings	51	
Total shareholders' equity	1,878	1,700
Total Liabilities and shareholders' equity	10,588	10,152

At the end of June 2010, the fair value of the loan portfolio under IFRS and the net debt outstanding amounted to EUR 7.6 billion and EUR 8.6 billion respectively. Total net interest payments and principal collections for the first half of 2010 amounted to EUR 110 million and EUR 0.9⁶ billion respectively. For more information on RPI and its assets, please refer to www.royalparkinvestments.com.

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⁶ Amounts converted at currency rates of 30 June 2010

Other items General

Net interest income amounted to EUR 0.8 million for the first half. The lower interest rates in the first half of this year, resulted in lower returns on the net cash position. In addition, the line includes a non-recurring interest income of EUR 5.5 million related to prepaid corporate income tax. Compared to last year, net interest income decreased significantly as the first half of 2009 could still benefit from the positive interest margin on a financing structure with Fortis Bank of EUR 5.7 billion that has been unwound in June 2009. Other income was also impacted by a higher than expected VAT settlement on previous years for an amount of EUR 4.9 million.

Furthermore the net result of the General Account includes a capital gain of EUR 12.4 million, following the closing of the sale of the Non-Life operations in Luxembourg to La Bâloise early January 2010.

The negative result of EUR 139 million in Other capital gains, is mainly explained by :

- ◆ EUR 24 million negative related to the variance of the fair value RPN(I)
- ◆ EUR 121 million negative related to the fair value of the call option on the BNP Paribas shares
- ◆ EUR 6 million positive revaluations of currency positions and swaps

Operating expenses came down significantly to EUR 28 million of which EUR 10 million of staff expenses and EUR 18 million of other operating expenses. The lower staff expenses compared to last year follows the scaling down of the corporate centre last year in line with the new group structure. Other expenses also came down but still include a number of one-off costs related to separation, restructuring and legal issues.

Finally, the first half year net result of the General Account benefited from the already mentioned recognition of deferred tax assets for a total amount of EUR 405 million, following the progress made in the liquidation of Brussels Liquidation Holding (previously Fortis Brussels).

Contingent liabilities

On 19 August 2010, the AFM has levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published by Fortis on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing and will appeal the decision of the AFM.

On 16 June 2010, the expert report commissioned by the Amsterdam Ondernemingskamer has been filed for public inspection. On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer to start legal proceedings aimed at establishing that certain facts mentioned in the expert report constitute mismanagement ("wanbeleid"). Ageas will challenge any allegations of wrongdoing. Where necessary, the Board of Directors has taken conservatory measures to safeguard the interests of the company vis-à-vis its former directors and officers relating to the exercise of their functions in 2007 and 2008. In the interest of the shareholders, the Board of Directors will for the time being give full priority to defending the company against all allegations that might result in new claims for damages being filed against Ageas and thus maintains its position to refrain at this stage, pending conclusive decisions by the Court, from commencing any proceedings against former directors and officers.

Please refer to note 27 of the Interim Financial Statements as per 30 June 2010 for the entire section of "Contingent liabilities".

Net Cash position

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

<i>in EUR million</i>	30 Jun 10	31 Dec 09
Cash and cash equivalents	3,165	4,276
Due from banks short term		
Due to banks short term	(212)	(547)
Debt certificates	(896)	(915)
Net cash position	2,057	2,814
Due from customers	1,106	1,089
Due from banks long term	1,493	900
Due to banks long term		
Subordinated liabilities	(3,011)	(2,917)
Other borrowings	(118)	(116)
Receivable on balance	(530)	(1,044)
Accruals and other	1,391	1,064
Equity General Account	2,918	2,834

The net cash position of the General Account on 30 June 2010, assuming full redemption of the European Medium Term Notes (EMTN) programme, came down from EUR 2.8 billion end 2009 to EUR 2.1 billion. The decrease is mainly explained by the payment of the 2009 dividend in early June (EUR 0.2 billion) and an investment in medium term deposits for EUR 0.5 billion, reflected in the increase in “Due from banks long term”.

The increase of the subordinated liabilities from EUR 2.9 to EUR 3.0 billion is mainly explained by the impact of the strengthened USD on the fair value of NITSH I, an instrument originally denominated in USD.

The main drivers for the increase of the General Account' equity from EUR 2.8 billion to EUR 2.9 billion are the result of the period, partially offset by the dividend payment in June of EUR 0.2 billion.

Investment portfolio and capital position

Investment portfolio

Ageas's investment portfolio increased from EUR 56.4 billion end 2009 to EUR 58.5 billion end of June 2010, mainly due to new inflows and the revaluation of assets. Despite the restructuring of its sovereign exposure, as explained hereafter, the overall composition by asset category remains virtually unchanged since year end. More than 90% of the assets are still invested in fixed income securities, around 3% in equities and the remainder in real estate of which part for own use. More than 95% of the total bond portfolio is investment grade and 94% of the portfolio is rated A or higher.

The profile of the investment portfolio and the way it is managed reflects the long term nature of the liabilities towards policyholders. The vast majority of assets is invested in fixed income securities with high ratings and relative long durations. The fixed income portfolio and other assets are managed according the Buy and Hold philosophy. In addition, real estate investments represent an important asset as it generates fixed revenue streams and it provides a natural hedge against inflation risk. Equity securities are part of the investment mix as it is expected to generate, over a longer period, excess returns for both the benefits of shareholders and policyholders.

The table below provides a breakdown of Ageas's Available For Sale (AFS) investment portfolio and its real estate exposure, both at market value.

Available for sale portfolio plus real estate at market value	in EUR billion		as %	
	H1 10	FY 09	H1 10	FY 09
Fixed Income securities	53.3	51.2	91%	91%
Equity securities	1.7	1.6	3%	3%
Real estate investment property	2.1	2.2	4%	4%
Real estate for own use	1.4	1.4	2%	2%
Total	58.5	56.4	100%	100%

Fixed income portfolio

Fixed income securities represent more than 90% of the investment portfolio end of June 2010. Compared to year end investments in government bonds came down from 65% to 62%, while the corporate bond portfolio increased from 34% to 37% with the remainder in structured credits. The average credit quality of the bond portfolio has remained high; 96% of the portfolio is investment grade, 94% is rated A or higher and 74% AA or AAA, the latter having increased compared to year end as a result of the restructuring of the government bond portfolio. At 30 June 2010 net unrealized gains on bonds increased from EUR 1.5 billion end of December to EUR 1.7 billion end of June with EUR 0.7 billion relating to government bonds and EUR 1.0 billion to corporate bonds.

As already mentioned and in the context of the uncertainty around the South European countries, Ageas decided end of last year to reduce its concentration risk on a number of Southern European sovereign bonds. As such, it reduced gradually since the beginning of the year its total exposure to Portugal, Italy, Greece and Spain from EUR 17.8 billion at historical/amortized cost to EUR 8.9 billion. The proceeds were mainly reinvested in Belgian, German and French sovereign bonds and to a certain extent in corporate bonds. These sales generated both capital losses and capital gains. Going forward the recurrent impact on net profit of the loss of yield as a result of these sales will be mitigated through a further rebalancing of the investment portfolio.

The following table provides an overview of the evolution of the sovereign bond portfolio by country of origin from end 09 until 30 June 2010 at historical/amortized value :

(EUR mio)	Historical/Amortized value		Gross unrealized gains (losses)	
	30/06/10	31/12/09	30/06/10	31/12/09
Belgium	9,625	6,572	561	369
The Netherlands	1,266	664	88	18
Germany	2,890	1,632	282	43
Italy	3,726	8,598	23	315
France	3,812	1,638	204	80
Great Britain	514	546	20	8
Greece	1,934	4,318	(623)	(241)
Spain	1,740	1,944	(47)	58
Portugal	1,500	2,963	(82)	109
Austria	2,200	1,527	140	29
Ireland	599	580	(7)	18
Finland	770	181	34	6
Others	1,715	1,401	114	59
Total	32,291	32,564	707	871

The impact of changes in sovereign yields on the book value of Ageas depends on the size of the position, the modified duration of the bonds, the allocation to segregated accounts, taxation and the impact of minorities.

Changes in unrealized gains and losses on bonds as a result of changes in yields do have an impact on net equity but not automatically on solvency as a global capital gains position is not taken into account in the calculation of the solvency. The capital position will also be affected when assets are sold or impairments taken.

Investments in corporate bonds have increased from EUR 17.4 to 19.9 billion. Financials or financial-related companies remained stable at EUR 8.4 billion while government agencies & supra-nationals such as European Investment Bank increased from EUR 6.5 billion to EUR 7.5 billion, the remainder being invested in traditional corporates, with 99% of the portfolio investment grade, 91% rated A or higher and 69% AA or AAA. By country, more than 70% of Ageas's corporate bond portfolio is exposed to France, Germany, the Netherlands, Great Britain, Austria and European institutions outside Belgium. Within the financials EUR 0.6 billion is related to hybrid securities.

Equities portfolio

The equities investment portfolio classified as 'Available For Sale' increased from EUR 1.6 billion end 2009 to EUR 1.7 billion end of June. Investments in real estate funds, bond funds and money market funds are also classified as equities

and amounted to EUR 0.6 billion end June 2010. Gross unrealized gains on equities end of June came down to EUR 24 million.

Real estate portfolio

The total Ageas's value slightly increased to EUR 3.5 billion at fair/market value, which can be split in EUR 2.1 billion in investment property and EUR 1.4 billion in buildings for own use. Unrealized capital gains remained stable at EUR 0.6 billion end of June 2010. The unrealized gain after tax is not reflected in net equity, as real estate exposure is booked at amortised cost.

At the end of June 2010 **Fortis Real Estate (FRE)**, a 100% subsidiary of AG Insurance, had assets under management of EUR 4.1 billion portfolio, of which part classified as real estate funds. In addition to the management of the Group asset management, Fortis Real Estate also manages EUR 1.3 billion real estate assets on behalf of third parties. Investments in the first half of 2010 among others include expansion via Interparking, 90% owned by FRE in Spain and Romania.

Office buildings and car parks (via Interparking) each represent around one third of the total portfolio, the rest is made up essentially of retail and warehousing.

Capital position

Current capital levels do reflect the specific characteristics of each of the businesses and are also based on capital requirement needs in view of the planned local organic growth and the local rating and solvency requirements. Based on the outcome of its strategic review in September of last year, Ageas decided to target a minimum aggregate solvency ratio of 200% of the regulatory requirement. A further review of the capital requirements in each of its businesses could lead to a revision of this target in the future and a possible release of capital over time, although no such review is expected to take place before the introduction of Solvency 2 (expected 2012).

At the end of June **discretionary capital**⁷ fell from EUR 1.3 billion end of December to EUR 0.9 billion, mainly as a result of the cash reservation for the acquisition of Kwik-Fit Insurance Services (EUR 0.2 billion) and scope changes (transfer of FII' regional costs and Fortis Re now being part of the General Account).



⁷ Discretionary capital is defined as the lower of the available cash and the total capital of the General Account corrected for (contingent) illiquid assets and existing investment commitments

Capital ratios

Key Capital Indicators	H1 10	FY 09
Belgium		
Shareholders' equity	3,006	2,859
Core equity	3,488	3,512
Total available capital	4,095	4,120
Minimum solvency requirements	2,100	2,008
Amount of total capital above minimum solvency requirements	1,995	2,112
Core solvency ratio	166.1%	174.9%
Total solvency ratio	195.0%	205.2%
United Kingdom		
Shareholders' equity	621	513
Core equity	563	472
Total available capital	563	472
Minimum solvency requirements	186	154
Amount of total capital above minimum solvency requirements	377	318
Core solvency ratio	302.4%	307.2%
Total solvency ratio	302.4%	307.2%
Continental Europe		
Shareholders' equity	983	1,002
Core equity	1,291	1,298
Total available capital	1,319	1,326
Minimum solvency requirements	555	530
Amount of total capital above minimum solvency requirements	764	796
Core solvency ratio	232.5%	245.1%
Total solvency ratio	237.5%	250.3%
Asia		
Shareholders' equity	1,597	1,204
Core equity	1,040	843
Total available capital	604	498
Minimum solvency requirements	65	52
Amount of total capital above minimum solvency requirements	539	446
Core solvency ratio	1,592.5%	1,611.9%
Total solvency ratio	925.9%	953.0%
Total Insurance		
Shareholders' equity	6,206	5,579
Core equity	6,383	6,125
Total available capital	6,582	6,416
Minimum solvency requirements	2,907	2,743
Amount of total capital above minimum solvency requirements	3,675	3,673
Core solvency ratio	219.5%	223.2%
Total solvency ratio	226.4%	233.9%
General Account (after eliminations)		
Shareholders' equity	2,948	2,852
Core equity	2,515	2,536
Total available capital	2,283	2,316

Ageas's core equity amounted to EUR 8.9 billion on 30 June 2010 and exceeded the total consolidated regulatory minimum requirements of the insurance operations by EUR 6.0 billion, Total available capital of the insurance operations amounted to EUR 6.6 billion with a solvency ratio of 226% or including the total available capital of the General Account, EUR 6.0 billion above the legally required minimum of EUR 2.9 billion.

The increase of the legally required minimum capital for the insurance operations relates to the evolution of the business.

The solvency ratio of the Belgian operations declined to 195% as a result of higher intangible assets following investments within its real estate portfolio.

Reconciliation of shareholders' equity with total capital

The reconciliation of Ageas's shareholders' equity with total capital as at 30 June 2010 is shown below.

Ageas's Core Equity		H1 10	FY 09
<i>in EUR million</i>			
Share capital and reserves		7,755	6,450
Net profit attributable to shareholders		455	1,210
Unrealized gains and losses		943	771
Shareholders' equity		9,153	8,431
Non-innovative capital hybrid instruments		1,497	1,496
Non-controlling interests		1,683	1,654
Revaluation of real estate at fair value		555	559
Revaluation of debt securities, net of tax and shadow accounting		(1,043)	(810)
Revaluation of equity securities, net of tax and shadow accounting		(1)	(10)
Goodwill		(700)	(650)
Participation Royal Park Investments		(840)	(760)
Expected dividend			(201)
Expected dividend related to BNP Option		(759)	(581)
Other		(647)	(467)
Core equity		8,898	8,661
Innovative capital instruments		495	495
Subordinated loans		29	29
Other prudential filters and deductions from total capital		(557)	(452)
Total capital		8,865	8,733

Participating interests that are not fully consolidated are deducted from total capital. The core equity instruments issued by Ageas and lent on to Fortis Bank SA/NV (NITSH I and part of NITSH II for a total of EUR 993 million) are not included within the non-innovative hybrid instruments in the table above. The core equity calculation includes 90% of unrealised net-of-tax gains on real estate at AG Insurance and 100% of the unrealised gains on the remainder of the real estate portfolio. The value of the call option on BNP Paribas shares has been qualified as an expected dividend, as Ageas will propose to dividend out the potential proceedings of the contemplated structure. As a result this amount is deducted from core equity.

The goodwill increase from EUR 650 million to EUR 700 million relates to currency rate movements.

Disclaimer

Analyst & Investor conference call :**25 August 2010 at 09.30 CET (08.30 UK time)**Audiocast: www.ageas.com

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The information on which the statements in this press release are based may be subject to change and this press release may also contain certain projections or other forward looking-statements concerning Ageas. These statements are based on current expectations of the management of Ageas and are naturally subject to uncertainties, assumptions and changes in circumstances. The financial information included in this interim management statement is unaudited.

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

Annexes

Annex 1 : Consolidated Statement of financial position as per 30 June 2010

	30 June 2010	31 December 2009
Assets		
Cash and cash equivalents	4,588.0	5,635.7
Financial investments	55,224.8	53,070.1
Investment property	1,576.2	1,652.7
Loans	4,654.5	4,132.3
Investments related to unit-linked contracts	21,086.4	20,694.8
Investments in associates	1,648.8	1,403.6
Reinsurance and other receivables	1,616.1	1,263.7
Current tax assets	123.9	102.8
Deferred tax assets	584.0	53.0
Call option BNP Paribas shares	759.0	880.0
Accrued interest and other assets	1,997.4	1,847.6
Property, plant and equipment	1,081.4	1,108.1
Goodwill and other intangible assets	1,544.2	1,376.4
Assets held for sale	218.8	103.2
Total assets	96,703.5	93,324.0
Liabilities		
Liabilities arising from life insurance contracts	23,662.5	22,930.8
Liabilities arising from life investment contracts	25,925.1	24,332.7
Liabilities related to unit-linked contracts	21,160.7	20,772.8
Liabilities arising from non-life insurance contracts	5,262.5	4,934.0
Debt certificates	896.0	915.0
Subordinated liabilities	2,940.6	2,850.3
Borrowings	1,995.3	2,773.8
Current tax liabilities	84.1	106.2
Deferred tax liabilities	1,248.0	1,024.5
RPN(I)	340.0	316.0
Accrued interest and other liabilities	2,112.5	2,209.4
Provisions	28.8	34.2
Liabilities related to assets held for sale	211.8	39.3
Total liabilities	85,867.9	83,239.0
Shareholders' equity	9,153.1	8,431.0
Non-controlling interests	1,682.5	1,654.0
Total equity	10,835.6	10,085.0
Total liabilities and equity	96,703.5	93,324.0

Annex 2 : Income Statement

		H1 2010	H1 2009
Income			
- Gross premium income	5,113.9		4,731.9
- Change in unearned premiums	(144.3)		(97.3)
- Ceded earned premiums	(122.9)		(99.2)
Net earned premiums		4,846.7	4,535.4
Interest, dividend and other investment income		1,512.6	1,649.2
Unrealised gain (loss) on Call option BNP Paribas shares		(121.0)	730.0
Unrealised gain (loss) on RPN(I)		(24.0)	(344.0)
Realised and unrealised gains and losses		(51.6)	865.0
Investment income related to unit-linked contracts		202.2	712.0
Share of result of associates		48.3	22.2
Fee and commission income		205.4	176.8
Other income		96.8	94.4
Total income		6,715.4	8,441.0
Expenses			
- Insurance claims and benefits, gross	(5,022.6)		(4,696.3)
- Insurance claims and benefits, ceded	55.0		39.5
Insurance claims and benefits, net		(4,967.6)	(4,656.8)
Charges related to unit-linked contracts		(171.8)	(705.2)
Finance costs		(143.6)	(338.6)
Change in impairments		(24.0)	(452.5)
Change in provisions		2.5	13.1
Fee and commission expense		(522.9)	(462.4)
Staff expenses		(334.9)	(320.9)
Other expenses		(393.8)	(426.0)
Total expenses		(6,556.1)	(7,349.3)
Profit before taxation		159.3	1,091.7
Income tax expenses		345.5	(161.2)
Net profit for the period		504.8	930,5
Attributable to non-controlling interests		49.8	34.7
Net profit attributable to shareholders		455.0	895.8
Per share data (EUR)			
Basic earnings per share		0.18	0.36
Diluted earnings per share		0.18	0.36

Annex 3 : Key performance indicators

Belgium

	H1 10	H1 09	Change	H2 09	Change	FY 09
Life						
Gross Inflow (in EUR million)	2,650.9	2,745.9	(3%)	2,605.8	2%	5,351.7
- Individual Single	1,811.3	1,896.1	(4%)	1,661.9	9%	3,558.0
- Individual Regular	324.6	305.8	6%	365.6	(11%)	671.4
- Group Single	157.3	151.3	4%	206.4	(24%)	357.7
- Group Regular	357.7	392.7	(9%)	371.9	(4%)	764.6
New business life - APE (in EUR million)	247.4	222.8	11%	214.4	15%	437.2
Non-Life						
Gross written premiums (in EUR million)	851.7	808.4	5%	707.0	20%	1,515.4
- Accident & Health	256.1	245.0	5%	194.0	32%	439.0
- Motor	271.1	249.1	9%	222.9	22%	472.0
- Fire	250.8	245.4	2%	228.7	10%	474.1
- Other	73.7	68.9	7%	61.4	20%	130.3
Technical Result (in EUR million)	4.8	18.6	(74%)	54.6	(91%)	73.2
- Accident & Health	11.0	29.2	(62%)	35.5	(69%)	64.7
- Motor	(3.3)	(4.3)	(22%)	9.1	*	4.8
- Fire	(3.7)	(16.4)	(77%)	(4.6)	(19%)	(21.0)
- Other	0.8	10.1	(92%)	14.6	(94%)	24.7
Non-Life total						
Claims ratio	70.5%	68.6%		64.2%		66.4%
Expense ratio	36.6%	37.0%		36.6%		36.8%
Combined ratio	107.1%	105.6%		100.8%		103.2%
Non-Life Property & Casualty						
Claims ratio	63.8%	64.5%		59.9%		62.2%
Expense ratio	42.7%	43.2%		41.9%		42.5%
Combined ratio	106.5%	107.7%		101.8%		104.7%
Non-Life Accident & Health						
Claims ratio	86.2%	78.2%		75.1%		76.7%
Expense ratio	22.1%	22.4%		22.9%		22.6%
Combined ratio	108.3%	100.6%		98.0%		99.3%

	H1 10	H1 09	Change	H2 09	Change	FY 09
No. of FTEs	5,740	5,589	3%	5,635 ¹	2%	5,635
Regulatory Minimum Margin (in EUR million)	2,100.4	1,924.0	9%	2,007.8	5%	2,007.8
Life						
Total Reserves - Life (in EUR million)	46,925.5	43,421.6	8%	45,377.3	3%	45,377.3
- Insurance and investment contracts	40,335.4	37,389.6	8%	38,807.8	4%	38,807.8
- Unit-linked contracts	6,590.1	6,032.0	9%	6,569.5	0%	6,569.5
- Operating cost Life/FUM Life ratio (annualised)	0.39%	0.39%	(2%)	0.41%	(5%)	0.41%
Non-Life						
Total Reserves - Non-Life (in EUR million)	3,082.6	3,002.1	3%	2,973.3	4%	2,973.3
Reserves / Premium ratio	202%	207%	(2%)	202%	(0%)	202%

1) Year-end 2009

United Kingdom

	H1 10	H1 09	Change	H2 09	Change	FY 09
Life						
Gross Inflow (in EUR million)	11.2	3.1	*	6.8	65%	9.9
- Individual Single	-	3.1	*	(3.1)	*	-
- Individual Regular	11.2	-	*	9.9	14%	9.9
- Group Single	-	-	*	-	*	-
- Group Regular	-	-	*	-	*	-
New business life - APE (in EUR million)	12.2	3.1	*	13.6	(10%)	16.7
Non-Life						
Gross written premiums (in EUR million)	538.3	449.1	20%	454.2	19%	903.3
- Accident & Health	32.2	25.4	27%	29,0	11%	54.4
- Motor	295.8	275.1	8%	224,9	32%	500.0
- Fire	135.6	103.3	31%	130,6	4%	233.9
- Other	74.7	45.3	65%	69,7	7%	115.0
Technical Result (in EUR million)	(3.5)	5.3	*	(23.3)	(85%)	(18.0)
- Accident & Health	(6.1)	(1.7)	*	(2.3)	*	(4.0)
- Motor	(5.3)	4.3	*	(29.2)	(82%)	(24.9)
- Fire	5.8	(0.6)	*	7.8	(26%)	7.2
- Other	2.1	3.3	(38%)	0.4	*	3.7
Non-Life total						
Claims ratio	76.4%	76.0%		84.7%		80.4%
Expense ratio	30.1%	28.3%		27.1%		27.7%
Combined ratio	106.5%	104.3%		111.8%		108.1%
Non-Life Property & Casualty						
Claims ratio	75.0%	75.6%		84.6%		80.2%
Expense ratio	30.2%	28.5%		27.2%		27.8%
Combined ratio	105.2%	104.1%		111.8%		108.0%
Non-Life Accident & Health						
Claims ratio	97.9%	81.8%		85.3%		83.5%
Expense ratio	27.6%	26.7%		25.7%		26.2%
Combined ratio	125.5%	108.5%		111.0%		109.7%

	H1 10	H1 09	Change	H2 09	Change	FY 09
No. of FTEs	3,013	2,683	12%	2,827 ¹	7%	2,827
Regulatory Minimum Margin (in EUR million)	186.3	152.3	22%	153.8	21%	153.8
Non-Life						
Total Reserves - Non-Life (in EUR million)	1,478.8	1,281.2	15%	1,280.7	15%	1,280.7
Reserves / Premium ratio	166%	156%	6%	154%	8%	154%

1) Year-end 2009

Continental Europe

	H1 10	H1 09	Change	H2 09	Change	FY 09
Life						
Gross Inflow (in EUR million)	1,980.5	1,647.3	20%	2,058.6	(4%)	3,705.9
- Individual Single	1,682.2	1,346.1	25%	1,791.4	(6%)	3,137.5
- Individual Regular	223.3	222.4	0%	225.4	(1%)	447.8
- Group Single	4.1	5.7	(27%)	6.2	(34%)	11.9
- Group Regular	70.9	73.1	(3%)	35.6	99%	108.7
New business life - APE (in EUR million)	209.2	183.8	14%	231.9	(10%)	415.7
Non-Life						
Gross written premiums (in EUR million)	228.9	127.9	79%	107.5	*	235.4
- Accident & Health	124.6	80.4	55%	66.8	87%	147.2
- Motor	53.8	11.4	*	11.1	*	22.5
- Fire	30.5	26.4	15%	23.3	31%	49.7
- Other	20.0	9.7	*	6.3	*	16.0
Technical Result (in EUR million)	7.0	9.1	(23%)	13.3	(47%)	22.4
- Accident & Health	6.3	5.3	18%	2.5	*	7.8
- Motor	(5.1)	(1.1)	*	1.1	*	-
- Fire	3.8	4.9	(23%)	9.1	(58%)	14.0
- Other	2.0	-	*	0.6	*	0.6
Non-Life total						
Claims ratio	71.6%	64.2%		61.2%		62.7%
Expense ratio	27.5%	27.2%		28.1%		27.6%
Combined ratio	99.1%	91.4%		89.3%		90.3%
Non-Life Property & Casualty						
Claims ratio	76.8%	53.7%		38.0%		45.8%
Expense ratio	26.5%	35.3%		28.2%		31.8%
Combined ratio	103.3%	89.0%		66.2%		77.6%
Non-Life Accident & Health						
Claims ratio	67.4%	69.3%		71.8%		70.6%
Expense ratio	28.3%	23.3%		28.0%		25.7%
Combined ratio	95.7%	92.6%		99.8%		96.3%

	H1 10	H1 09	Change	H2 09	Change	FY 09
No. of FTEs	1.443	1.623	(11%)	1.745 ¹	(17%)	1.745
Regulatory Minimum Margin (in EUR million)	555.3	467.9	19%	529.5	5%	529.5
Life						
Total Reserves - Life (in EUR million)	22,455.0	19,397.3	16%	21,532.3	4%	21,532.3
- Insurance and investment contracts	8,209.0	7,152.4	15%	7,599.6	8%	7,599.6
- Unit-linked contracts	14,246.0	12,244.9	16%	13,932.7	2%	13,932.7
- Operating cost Life/FUM Life ratio (annualised)	0.56%	0.66%	(15%)	0.64%	(12%)	0.64%
Non-Life						
Total Reserves - Non-Life (in EUR million)	604.4	164.7	*	581.5	4%	581.5
Reserves / Premium ratio	166%	86%	93%	299%	(45%)	299%

Asia

	H1 10	H1 09	Change	H2 09	Change	FY 09
Life						
Gross Inflow (in EUR million)	150.5	140.8	7%	156.0	(4%)	296.8
- Individual Single	9.8	5.7	75%	16.0	(38%)	21.7
- Individual Regular	138.9	132.8	5%	138.5	0%	271.3
- Group Single	0.1	0.2	(69%)	0.1	65%	0.3
- Group Regular	1.7	2.1	(22%)	1.4	21%	3.5
New business life - APE (in EUR million)	23.6	23.9	(1%)	29.4	(20%)	53.3

	H1 10	H1 09	Change	H2 09	Change	FY 09
No. of FTEs	320	297	8%	279 ¹	15%	278
Regulatory Minimum Margin (in EUR million)	65.3	51.7	26%	52.3	25%	52.3
Life						
Total Reserves - Life (in EUR million)	1,371.3	1,052.4	30%	1,130.2	21%	1,130.2
- Insurance and investment contracts	1,046.7	845.2	24%	859.6	22%	859.6
- Unit-linked contracts	324.6	207.2	57%	270.6	20%	270.6
- Operating cost Life/FUM Life ratio (annualised)	2.95%	3.72%	(21%)	3.06%	(4%)	3.06%

1) Year-end 2009

Annex 4 : Half year data per segment

Belgium

Income Statement - Life			
Belgium - Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums	2,271.1	2,318.2	2,450.5
Investment contracts without dpf	379.8	287.6	295.4
Gross inflow Life	2,650.9	2,605.8	2,745.9
Operating costs	(88.7)	(93.8)	(83.6)
Technical result	186.9	228.1	157.2
Allocated capital gains	(59.0)	(26.1)	(45.6)
Operating margin	127.9	202.0	111.6
Non-allocated other income and expenses	60.6	50.7	39.5
Profit before taxation	188.5	252.7	151.1
Income tax expenses	(49.4)	(63.6)	31.5
Net profit attributable to non-controlling interests	35.8	46.8	8.8
Net profit attributable to shareholders	103.3	142.3	173.8

Income Statement - Non-Life			
Belgium - Non-Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums Non-Life	851.7	707.0	808.4
Operating costs	(131.5)	(124.0)	(125.7)
Technical result	4.8	54.6	18.6
Allocated capital gains	(45.5)	(4.2)	(5.1)
Operating margin	(40.7)	50.4	13.5
Non-allocated other income and expenses	7.6	6.4	7.1
Profit before taxation	(33.1)	56.8	20.6
Income tax expenses	12.8	(16.5)	2.5
Net profit attributable to non-controlling interests	(4.9)	11.6	1.5
Net profit attributable to shareholders	(15.4)	28.7	21.6

Income Statement			
Belgium - in EUR million	H1 10	H2 09	H1 09
Gross inflow	3,502.6	3,312.8	3,554.3
Operating costs	(220.2)	(217.8)	(209.3)
Net profit attributable to shareholders	87.9	171.0	195.4

United Kingdom

Income Statement - Life			
UK - Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums	11.2	6.8	3.1
Investment contracts without dpf	-	-	-
Gross inflow Life	11.2	6.8	3.1
Operating costs	(11.3)	(10.2)	(9.8)
Technical result	(3.2)	(3.8)	(5.2)
Allocated capital gains	-	-	-
Operating margin	(3.2)	(3.8)	(5.2)
Non-allocated other income and expenses	0.8	0.5	0.4
Profit before taxation	(2.4)	(3.3)	(4.8)
Income tax expenses	0.7	0.9	1.3
Net profit attributable to minority interests	-	-	-
Net profit attributable to shareholders	(1.7)	(2.4)	(3.5)

Income Statement - Non-Life			
UK - Non-Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums Non-Life	538.3	454.2	449.1
Operating costs	(45.5)	(35.1)	(40.4)
Technical result	(3.5)	(23.3)	5.3
Allocated capital gains	2.1	0.8	9.1
Operating margin	(1.4)	(22.5)	14.4
Non-allocated other income and expenses	2.4	5.4	9.6
Profit before taxation	1.0	(17.1)	24.0
Income tax expenses	(0.3)	4.5	(6.7)
Net profit attributable to minority interests	(1.4)	(0.5)	-
Net profit attributable to shareholders	2.1	(12.1)	17.3

Income Statement - Other Insurance			
UK - Other Insurance - in EUR million	H1 10	H2 09	H1 09
Fee and commission income	59.4	57.2	54.0
Other income	2.3	(0.1)	0.5
Staff expenses	(24.2)	(22.2)	(21.7)
Other expenses	(26.5)	(24.1)	(23.0)
Profit before taxation	11.0	10.8	9.8
Income tax expenses	(3.1)	(3.4)	(2.8)
Net profit attributable to minority interests	-	-	-
Net profit attributable to shareholders	7.9	7.4	7.0

Income Statement			
UK - in EUR million	H1 10	H2 09	H1 09
Gross inflow	549.5	461.0	452.2
Operating costs	(56.8)	(45.3)	(50.2)
Net profit attributable to shareholders	8.3	(7.1)	20.8

Continental Europe

Income Statement - Life

Continental Europe - Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums	1,106.7	809.6	791.6
Investment contracts without dpf	873.8	1,249.0	855.7
Gross inflow Life	1,980.5	2,058.6	1,647.3
Operating costs	(61.6)	(65.6)	(63.3)
Technical result	39.2	39.3	45.7
Allocated capital gains	2.9	0.1	0.3
Operating margin	42.1	39.4	46.0
Non-allocated other income and expenses	11.8	15.1	4.8
Profit before taxation	53.9	54.5	50.8
Income tax expenses	(19.7)	(15.9)	(17.4)
Net profit attributable to minority interests	19.5	23.8	20.9
Net profit attributable to shareholders	14.7	14.8	12.5

Income Statement - Non-Life

Continental Europe - Non-Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums Non-Life	228.9	107.5	127.9
Operating costs	(36.4)	(22.7)	(22.8)
Technical result	7.0	13.3	9.1
Allocated capital gains	1.5	-	-
Operating margin	8.5	13.3	9.1
Non-allocated other income and expenses	(1.2)	0.1	(0.5)
Profit before taxation	7.3	13.4	8.6
Income tax expenses	(2.5)	(4.2)	(2.6)
Net profit attributable to minority interests	2.3	4.7	3.5
Net profit attributable to shareholders	2.5	4.5	2.5

Income Statement

Continental Europe - in EUR million	H1 10	H2 09	H1 09
Gross inflow	2,209.4	2,166.1	1,775.2
Operating costs	(98.0)	(88.3)	(86.1)
Net profit attributable to shareholders	17.2	19.3	15.0

Asia

Income Statement - Life

Asia - Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums	106.1	111.6	103.1
Investment contracts without dpf	44.4	44.4	37.7
Gross inflow Life	150.5	156.0	140.8
Operating costs	(18.4)	(13.3)	(18.8)
Technical result	11.1	6.6	5.0
Allocated capital gains	34.0	4.1	0.3
Operating margin	45.1	10.7	5.3
Non-allocated other income and expenses	(3.0)	(4.6)	(4.8)
Profit before taxation. consolidated entities	42.1	6.1	0.5
Profit before taxation. associates	20.3	49.2	24.6
Income tax expenses	(0.2)	(1.1)	(1.0)
Net profit attributable to minority interests	-	-	-
Net profit attributable to shareholders	62.2	54.2	24.1

Income Statement - Non-Life

Asia - Non-Life - in EUR million	H1 10	H2 09	H1 09
Gross written premiums Non-Life	-	-	-
Operating costs	-	-	-
Technical result	-	-	-
Allocated capital gains	-	-	-
Operating margin	-	-	-
Non-allocated other income and expenses	-	-	-
Profit before taxation. consolidated entities	-	-	-
Profit before taxation. associates	4.9	7.2	5.1
Income tax expenses	-	-	-
Net profit attributable to minority interests	-	-	-
Net profit attributable to shareholders	4.9	7.2	5.1

Income Statement

Asia - in EUR million	H1 10	H2 09	H1 09
Gross inflow	150.5	156.0	140.8
Operating costs	(18.4)	(13.3)	(18.8)
Net profit attributable to shareholders	67.1	61.4	29.2

General Account

Income Statement			
<i>in EUR million</i>	H1 10	H2 09	H1 09
Net interest Income	0.8	(21.9)	22.7
Realised capital gains (losses) on investments	12.8	18.3	699.5
Other capital gains	(138.7)	173.3	507.7
Share in result of associates	20.2	(1.0)	(8.2)
Other income	(1.2)	(10.3)	(3.9)
Total income	(106.1)	158.4	1.217.8
Change in impairments	0.4	13.7	(363.9)
Net revenues	(105.7)	172.1	853.9
Staff expenses	(10.1)	(14.0)	(19.8)
Other operating and administrative expenses	(18.4)	(32.0)	(32.7)
Total expenses	(28.5)	(46.0)	(52.5)
Profit before taxation	(134.2)	126.1	801.4
Income tax expenses	407.2	(57.3)	(166.0)
Net profit for the period	273.0	68.8	635.4
Net profit attributable to non-controlling interests	(1.5)	(0.6)	-
Net profit attributable to shareholders	274.5	69.4	635.4

Annex 5 : Comparable inflow data

By segment										
in EUR million	H1 10	H1 09	%	H2 09	%	Q2 10	Q2 09	%	Q1 10	%
Belgium										
Gross written premiums	2,271	2,451	(7%)	2,318	(2%)	1,162	1,165	0%	1,109	5%
Investment contracts without DPF	380	295	29%	288	32%	174	179	(3%)	206	(16%)
Gross inflow Life	2,651	2,746	(3%)	2,606	2%	1,336	1,345	(1%)	1,315	2%
Gross written premiums Non-Life	852	808	5%	707	20%	369	356	4%	483	(24%)
Total inflow Belgium	3,503	3,554	(1%)	3,313	6%	1,704	1,701	0%	1,798	(5%)
United Kingdom										
Gross written premiums	11	3	*	7	65%	6	2	*	5	29%
Investment contracts without DPF	-	-	*	-	*	-	-	*	-	*
Gross inflow Life	11	3	*	7	65%	6	2	*	5	29%
Gross written premiums Non-Life	538	449	20%	454	19%	279	232	20%	260	7%
Total inflow United Kingdom	550	452	22%	461	19%	285	234	22%	265	8%
Continental Europe										
Gross written premiums	1,107	792	40%	810	37%	569	293	94%	538	6%
Investment contracts without DPF	874	856	2%	1,249	(30%)	401	453	(11%)	472	(15%)
Gross inflow Life	1,981	1,647	20%	2,059	(4%)	971	747	30%	1,010	(4%)
Gross written premiums Non-Life	229	128	79%	108	*	109	57	93%	120	(8%)
Total inflow Continental Europe	2,209	1,775	24%	2,166	2%	1,080	803	34%	1,129	(4%)
Asia										
Gross written premiums	106	103	3%	112	(5%)	59	55	7%	48	23%
Investment contracts without DPF	44	38	18%	44	0%	24	20	16%	21	15%
Gross inflow Life	151	141	7%	156	(4%)	82	75	10%	68	21%
Gross written premiums Non-Life	-	-	*	-	*	-	-	*	-	*
Total inflow consolidated entities	151	141	7%	156	(4%)	82	75	10%	68	21%
Non-consolidated partnerships 100%	3,224	1,983	63%	1,791	80%	1,483	908	63%	1,741	(15%)
Total inflow Asia	3,374	2,123	59%	1,947	73%	1,565	983	59%	1,809	(13%)
Total inflow	9,636	7,905	22%	7,887	22%	4,634	3,721	25%	5,001	(7%)

By type in EUR million	H1 10	H1 09	%	H2 09	%	Q2 10	Q2 09	%	Q1 10	%
Life										
Belgium	2,651	2,746	(3%)	2,606	2%	1,336	1,345	(1%)	1,315	2%
United Kingdom	11	3	*	7	65%	6	2	*	5	29%
Continental Europe	1,981	1,647	20%	2,059	(4%)	971	747	30%	1,010	(4%)
Asia	3,104	1,909	63%	1,780	74%	1,405	864	63%	1,700	(17%)
Fully consolidated	151	141	7%	156	(4%)	82	75	10%	68	21%
Non-consolidated partnerships at 100%	2,954	1,768	67%	1,624	82%	1,322	789	68%	1,631	(19%)
Total inflow Life	7,747	6,305	23%	6,451	20%	3,717	2,957	26%	4,030	(8%)
Non-Life										
Belgium	852	808	5%	707	20%	369	356	4%	483	(24%)
United Kingdom	538	449	20%	454	19%	279	232	20%	260	7%
Continental Europe	229	128	79%	108	*	109	57	93%	120	(8%)
Asia	270	214	26%	167	62%	161	119	35%	109	47%
Fully consolidated	0	0	*	0	*	0	0	*	0	*
Non-consolidated partnerships at 100%	270	214	26%	167	62%	161	119	35%	109	47%
Total gross written premiums Non-Life	1,889	1,600	18%	1,436	32%	917	764	20%	972	(6%)
Total inflow	9,636	7,905	22%	7,887	22%	4,634	3,721	25%	5,001	(7%)

Annex 6 : Inflows per region

Key Figures per region

in EUR million

	% ownership	Gross inflow Life				Gross Written premiums Non-Life				Total			
		H1 10	H1 09	H2 09	FY 09	H1 10	H1 09	H2 09	FY 09	H1 10	H1 09	H2 09	FY 09
Belgium	75%	2,651	2,746	2,606	5,352	852	808	707	1,515	3,503	3,554	3,313	6,867
United Kingdom	100%	11	3	7	10	538	449	454	903	550	452	461	913
Continental Europe		1,981	1,647	2,059	3,706	229	128	108	235	2,209	1,775	2,166	3,941
Portugal	51%	1,057	1,170	993	2,163	121	113	101	214	1,179	1,282	1,094	2,376
France	100%	208	153	182	335					208	153	182	335
Luxembourg	50%/100%	657	273	830	1,102		15	7	22	657	288	836	1,124
Ukraine	100%	1	1	1	2					1	1	1	2
Germany	100%	23	16	24	41					23	16	24	41
Turkey	100%	35	35	28	62					35	35	28	62
Italy	25%					108				108			
Asia		3,104	1,909	1,780	3,689	270	214	167	381	3,374	2,123	1,947	4,070
Consolidated entities													
Hong Kong	100%	151	141	156	297					151	141	156	297
Non-consolidated partnerships at 100%													
Malaysia	31%	432	274	224	498	219	170	123	293	651	444	347	791
Thailand	31%/13%	349	233	223	456	51	44	45	89	401	277	268	544
China	25%	2,109	1,229	1,142	2,371					2,109	1,229	1,142	2,371
India	26%	63	33	34	67					63	33	34	67
Grand Total		7,747	6,305	6,451	12,756	1,889	1,599	1,436	3,035	9,636	7,905	7,887	15,792