

Consolidated Interim Financial Statements

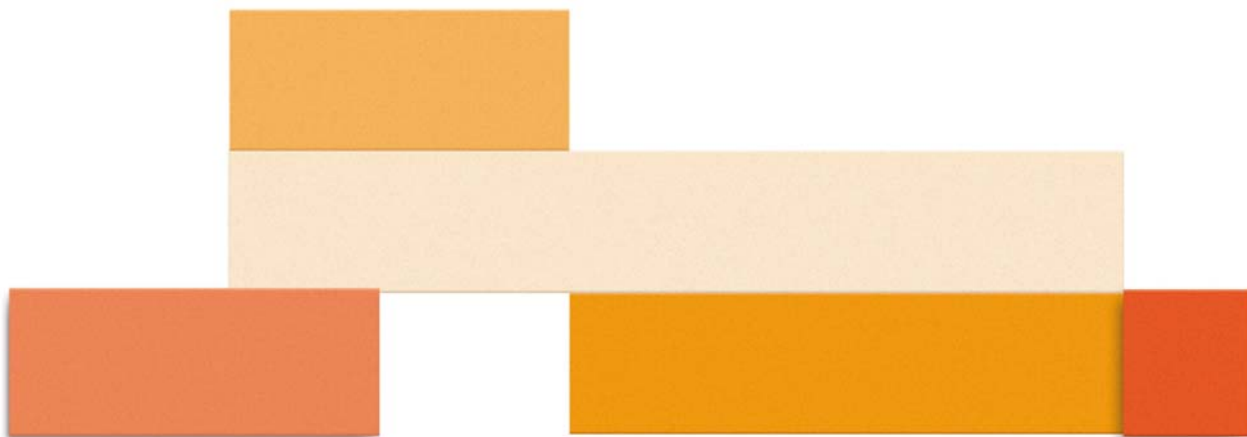
for the first six months of 2017

Brussels, 9 August 2017



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Developments and results

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

Developments and results

Results of Ageas

The Insurance net profit for the first half year amounted to EUR 445 million, compared to EUR 608 million last year. The Life net result amounted to EUR 312 million and the Non-life net result increased to EUR 133 million. Last year's net result included the negative impact of terrorism and weather events in Belgium (EUR 60 million) and a positive contribution from the divested activities in Hong Kong (EUR 212 million). Excellent Non-life results in Belgium and Continental Europe and a somewhat higher level of net capital gains more than offset the EUR 31 million negative Ogden impact in the UK.

The Group net result over the first six months amounted to EUR 284 million with the General Account reporting a negative result of EUR 161 million. This is mainly explained by the negative impact of EUR 122 million related to the evolution of the RPN(I) liability. Staff and other operating expenses decreased to EUR 35 million (vs. EUR 53 million). Last year's six months result and operating expenses were significantly impacted by charges related to the Fortis' legal settlement.

Life

The operating result increased to EUR 337 million (vs. EUR 324 million last year), essentially driven by better investment results and higher net capital gains compared to last year, most of which was already realised in the first quarter. The latter mainly resulted from real estate and equity transactions in Belgium. The impact of these transactions is also reflected in the Guaranteed margin that increased from 108 bps to 114 bps. The Unit-Linked margin has, although still below target, improved in Belgium and Continental Europe.

The net result amounted to EUR 312 million (vs. EUR 504 million) with better results scope on scope. Last year's result benefited from a EUR 212 million contribution of the divested Hong Kong activities. Aside from an improvement in the operating result of the consolidated entities, the non-consolidated partnerships in Luxembourg and Asia also reported improved results.

In Belgium, the net result increased to EUR 180 million. In Continental Europe, the result almost doubled to EUR 31 million mainly thanks to better underwriting results in Portugal and positive fair value adjustments on the Held For Trading assets in Luxembourg. In Asia, the net result amounted to EUR 102 million.

Non-life

The net result of the Non-life activities amounted to EUR 133 million (vs. EUR 104 million). The net negative impact of EUR 31 million related to Ogden was off-set somewhat by a good performance in Continental Europe and Belgium, and a somewhat higher amount of capital gains in the UK. 2016 included EUR 60 million related to terrorism and adverse weather events in Belgium and the UK. As announced earlier, the Ogden rate review is expected to further

impact the Group's net result for the remainder of 2017 in the region of EUR 10 to 15 million.

Belgium and Continental Europe achieved very strong results of EUR 79 million and EUR 28 million respectively driven by excellent underwriting results. In Asia, the net result stood at EUR 11 million and in the UK the net result amounted to EUR 11 million. The internal Non-life reinsurer Intreas reinsured EUR 24 million of premiums from the operating companies within the Group and contributed EUR 3 million to the Non-life net result.

General Account

The General Account net result amounted to EUR 161 million negative compared to EUR 675 million negative in 2016. The change primarily reflects last year's provision of EUR 889 million made for the Fortis settlement announced on 14 March 2016, and the negative value difference on the RPN(I) (EUR 122 million) in this year's first half.

Effective tax rate

The effective tax rate increased compared to the first half year of 2016. The main reason for this development were the following events in the first half year of 2016; the tax exempt capital gain resulting from the sale of AICA and the significant loss in the General Account as a result of the Fortis Settlement provision for which no deferred tax asset is recognised.

Net cash position General account

The total liquid assets in the General Account, including liquid assets with maturity over 1 year, amounted to EUR 1.7 billion, EUR 0.2 billion lower than the end of 2016. This decrease is primarily due to the ongoing share buy-back programme and the capital injection in the UK. The remaining future cash out of EUR 0.8 billion related to the Fortis settlement has been ring-fenced.

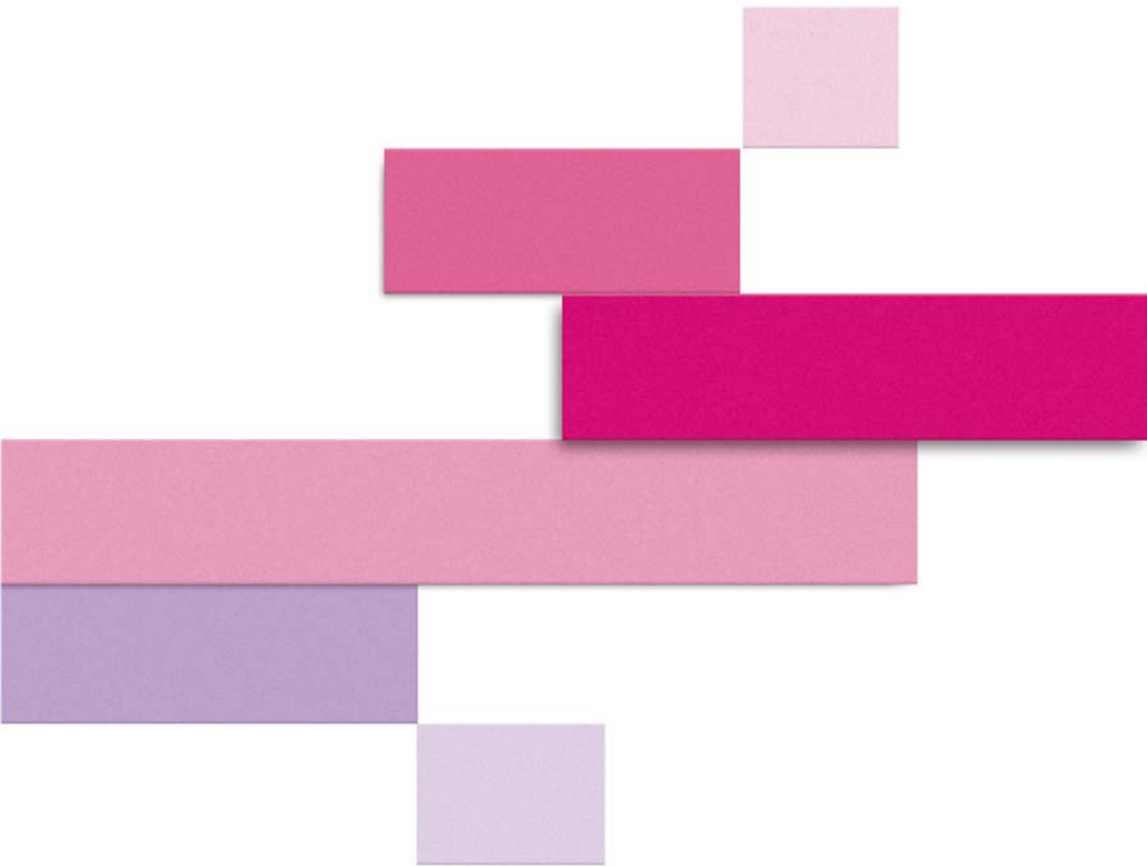
Solvency

The own funds of the insurance activities amounted to EUR 7.9 billion, and stood EUR 3.3 billion above SCR. This led to a strong total Insurance Solvency I_{Ageas} ratio of 193%, well above the 175% target. The Insurance Solvency ratios by segments amounted to 255% for Belgium, 131% for the United Kingdom, 155% for Continental Europe and 210% for Reinsurance.

The Group Solvency I_{Ageas} ratio was up from 191% at the end of 2016 to 198%. The residual impact from the Ogden rate review in the UK has been compensated by positive effects from a good operational quarter across all segments.

Brussels, 8 August 2017

Board of Directors



Ageas
Consolidated financial
statements for the first
six months of 2017

Consolidated statement of financial position

(before appropriation of profit)

	Note	30 June 2017	31 December 2016
Assets			
Cash and cash equivalents		2,229.9	2,180.9
Financial investments	7	64,603.2	66,571.4
Investment property	7	2,671.8	2,772.5
Loans	8	9,133.4	8,685.0
Investments related to unit-linked contracts		15,209.9	14,355.7
Investments in associates	9	2,864.2	2,855.7
Reinsurance and other receivables		2,374.6	2,192.3
Current tax assets		61.4	67.1
Deferred tax assets		185.7	171.5
Accrued interest and other assets		1,698.4	1,906.1
Property, plant and equipment		1,208.8	1,172.3
Goodwill and other intangible assets		1,235.0	1,217.7
Assets held for sale			145.3
Total assets		103,476.3	104,293.5
Liabilities			
Liabilities arising from Life insurance contracts	10.1	27,610.1	28,218.1
Liabilities arising from Life investment contracts	10.2	31,402.3	31,902.2
Liabilities related to unit-linked contracts	10.3	15,209.2	14,353.3
Liabilities arising from Non-life insurance contracts	10.4	8,258.4	7,975.2
Subordinated liabilities	11	2,283.8	2,322.7
Borrowings	12	2,290.1	2,495.8
Current tax liabilities		81.1	94.2
Deferred tax liabilities		1,300.1	1,350.6
RPN(I)	13	396.9	275.0
Accrued interest and other liabilities		2,480.7	2,659.3
Provisions	14	1,070.0	1,067.2
Liabilities related to written put options on NCI	15	1,470.4	1,374.9
Total liabilities		93,853.1	94,088.5
Shareholders' equity	3	8,973.7	9,560.6
Non-controlling interests		649.5	644.4
Total equity		9,623.2	10,205.0
Total liabilities and equity		103,476.3	104,293.5

Consolidated income statement

	Note	First half year 2017	First half year 2016
Income			
- Gross premium income		4,271.1	4,915.3
- Change in unearned premiums		(117.7)	(124.3)
- Ceded earned premiums		<u>(125.1)</u>	<u>(138.2)</u>
Net earned premiums	19	4,028.3	4,652.8
Interest, dividend and other investment income	20	1,400.6	1,488.1
Unrealised gain (loss) on RPN(I)		(121.9)	67.1
Result on sales and revaluations		147.9	618.8
Investment income related to unit-linked contracts		400.5	(16.3)
Share in result of associates	9	149.0	152.4
Fee and commission income		169.3	206.6
Other income		52.8	114.4
Total income		6,226.5	7,283.9
Expenses			
- Insurance claims and benefits, gross		(3,938.9)	(4,564.7)
- Insurance claims and benefits, ceded		<u>254.9</u>	<u>89.6</u>
Insurance claims and benefits, net	21	(3,684.0)	(4,475.1)
Charges related to unit-linked contracts		(427.5)	(0.8)
Financing costs	22	(59.3)	(90.8)
Change in impairments		(7.0)	(47.9)
Change in provisions	14	0.6	(887.1)
Fee and commission expenses		(575.2)	(622.4)
Staff expenses		(410.0)	(427.4)
Other expenses		(516.4)	(592.2)
Total expenses		(5,678.8)	(7,143.7)
Result before taxation		547.7	140.2
Tax income (expenses)		(145.8)	(117.6)
Net result for the period		401.9	22.6
Attributable to non-controlling interests		118.3	89.8
Net result attributable to shareholders		283.6	(67.2)
Per share data (EUR)			
Basic earnings per share	3	1.40	(0.32)
Diluted earnings per share	3	1.39	(0.32)

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

	Note	First half year 2017	First half year 2016
Gross premium income		4,271.1	4,915.3
Inflow deposit accounting (directly recognised as liability)	19	916.5	749.5
Gross inflow		5,187.6	5,664.8

Consolidated statement of comprehensive income

Note	First half year 2017	First half year 2016
COMPREHENSIVE INCOME		
Items that will not be reclassified to the income statement:		
Remeasurement of defined benefit liability	33.5	(88.1)
Related tax	(12.1)	24.7
Remeasurement of defined benefit liability	21.4	(63.4)
Total of items that will not be reclassified to the income statement:	21.4	(63.4)
Items that are or may be reclassified to the income statement:		
Change in amortisation of investments held to maturity	8.4	10.6
Related tax	(2.1)	(2.7)
Change in investments held to maturity	7 6.3	7.9
Change in revaluation of investments available for sale ¹⁾	(36.1)	39.8
Related tax	49.5	(79.2)
Change in revaluation of investments available for sale	7 13.4	(39.4)
Share of other comprehensive income of associates	9 (36.8)	5.5
Change in foreign exchange differences	(141.8)	(379.5)
Total items that are or may be reclassified to the income statement:	(158.9)	(405.5)
Other comprehensive income for the period	(137.5)	(468.9)
Net result for the period	401.9	22.6
Total comprehensive income for the period	264.4	(446.3)
Net result attributable to non-controlling interests	118.3	89.8
Other comprehensive income attributable to non-controlling interests	17.1	(25.9)
Total comprehensive income attributable to non-controlling interests	135.4	63.9
Total comprehensive income attributable to shareholders	129.0	(510.2)

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

Consolidated statement of changes in equity

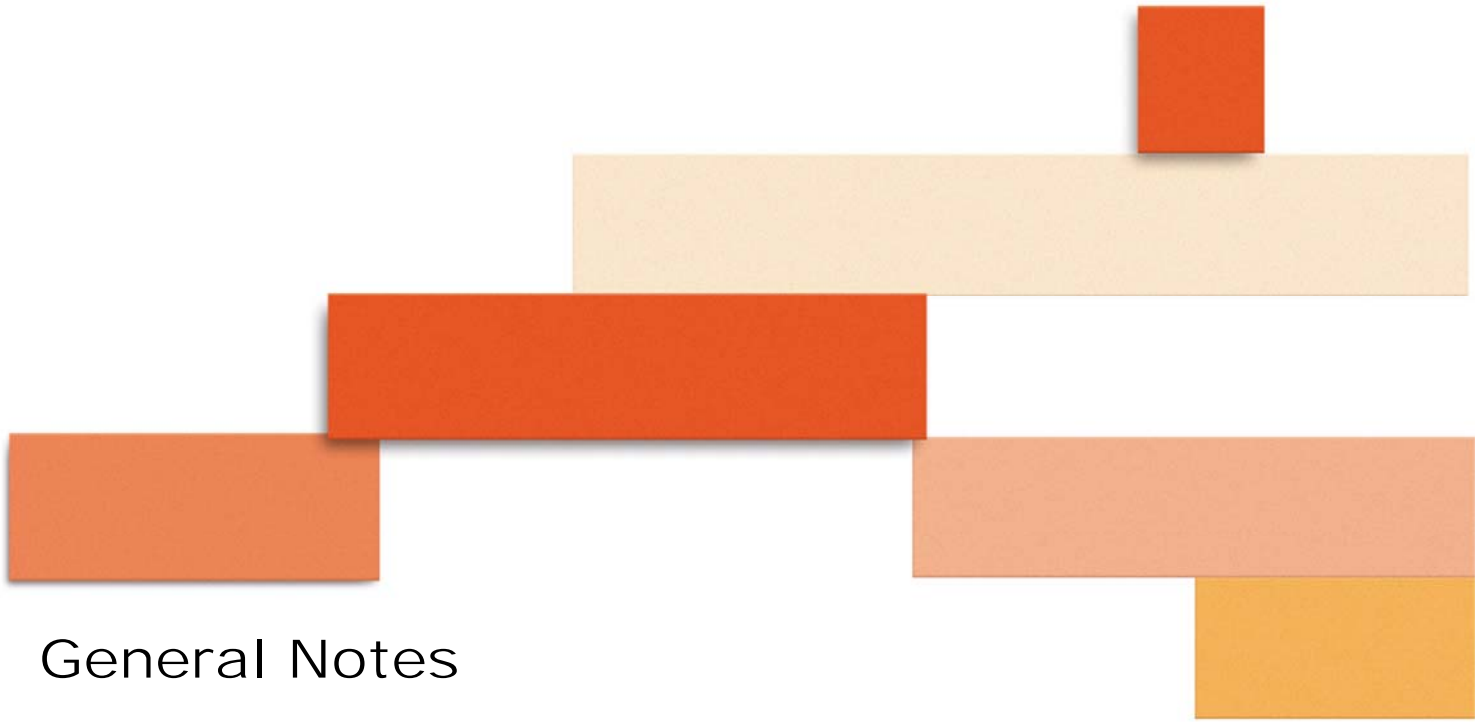
	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2016	1,656.0	2,644.8	2,838.1	511.9	770.2	2,955.1	11,376.1	598.9	11,975.0
Net result for the period					(67.2)		(67.2)	89.8	22.6
Revaluation of investments						(12.7)	(12.7)	(13.3)	(26.0)
Remeasurement IAS 19			(51.4)				(51.4)	(12.0)	(63.4)
Foreign exchange differences				(378.9)			(378.9)	(0.6)	(379.5)
Total non-owner changes in equity			(51.4)	(378.9)	(67.2)	(12.7)	(510.2)	63.9	(446.3)
Transfer			770.2		(770.2)				
Dividend			(338.3)				(338.3)	(118.5)	(456.8)
Increase of capital								8.5	8.5
Treasury shares			(141.7)				(141.7)		(141.7)
Cancellation of shares	(53.4)	(198.1)	251.5						
Share-based compensation		6.5					6.5		6.5
Impact written put option on NCI ¹⁾			(39.7)				(39.7)	55.5	15.8
Other changes in equity ²⁾			(15.7)				(15.7)	6.5	(9.2)
Balance as at 30 June 2016	1,602.6	2,453.2	3,273.0	133.0	(67.2)	2,942.4	10,337.0	614.8	10,951.8
Balance as at 1 January 2017	1,602.6	2,450.2	2,923.7	86.1	27.1	2,470.9	9,560.6	644.4	10,205.0
Net result for the period					283.6		283.6	118.3	401.9
Revaluation of investments						(30.1)	(30.1)	13.0	(17.1)
Remeasurement IAS 19			15.8				15.8	5.6	21.4
Foreign exchange differences				(140.3)			(140.3)	(1.5)	(141.8)
Total non-owner changes in equity			15.8	(140.3)	283.6	(30.1)	129.0	135.4	264.4
Transfer			27.1		(27.1)				
Dividend			(419.4)				(419.4)	(156.0)	(575.4)
Increase of capital								3.5	3.5
Treasury shares			(148.7)				(148.7)		(148.7)
Cancellation of shares	(53.0)	(191.2)	244.2						
Share-based compensation		(9.7)					(9.7)		(9.7)
Impact written put options on NCI ¹⁾			(145.8)				(145.8)	50.4	(95.4)
Other changes in equity ²⁾			7.7				7.7	(28.2)	(20.5)
Balance as at 30 June 2017	1,549.6	2,249.3	2,504.6	(54.2)	283.6	2,440.8	8,973.7	649.5	9,623.2

1. Relates to the put option on AG Insurance shares and the put option on Interparking shares (see note 15 Liabilities related to written put options NCI).

2. Other changes in shareholders' equity includes an indemnity paid to BNP Paribas Fortis for the Ageas shares held related to the CASHES securities and the payment to holders of FRESH securities.

Consolidated statement of cash flow

	Note	First half year 2017	First half year 2016
Cash and cash equivalents as at 1 January		2,180.9	2,394.3
Result before taxation		547.7	140.2
<i>Adjustments to non-cash items included in result before taxation:</i>			
Remeasurement RPN(I)	13	121.9	(67.1)
Result on sales and revaluations		(147.9)	(618.8)
Share in result of associates		(149.0)	(152.4)
Depreciation, amortisation and accretion		450.1	377.7
Impairments		7.0	47.9
Provisions	14	(0.6)	887.1
Share-based compensation expense		3.0	6.5
<i>Total adjustments to non-cash items included in result before taxation</i>		<i>284.5</i>	<i>480.9</i>
<i>Changes in operating assets and liabilities:</i>			
Derivatives held for trading (assets and liabilities)	16	(121.5)	48.4
Loans	8	(367.2)	(859.6)
Reinsurance and other receivables		(6.2)	(398.2)
Investments related to unit-linked contracts		(854.2)	402.4
Borrowings	12	(186.2)	(425.6)
Liabilities arising from insurance and investment contracts	10.1 & 10.2 & 10.4	(50.6)	933.2
Liabilities related to unit-linked contracts	10.3	659.5	(464.5)
Net changes in all other operational assets and liabilities		18.8	89.8
Dividend received from associates		117.8	137.4
Income tax paid		(162.7)	(175.4)
<i>Total changes in operating assets and liabilities</i>		<i>(952.5)</i>	<i>(712.1)</i>
Cash flow from operating activities		(120.3)	(91.0)
Purchases of financial investments		(4,419.6)	(4,236.7)
Proceeds from sales and redemptions of financial investments		5,390.6	4,300.1
Purchases of investment property		(75.4)	(55.7)
Proceeds from sales of investment property		10.1	108.4
Purchases of property, plant and equipment		(56.0)	(55.8)
Proceeds from sales of property, plant and equipment		8.6	0.4
Acquisitions of subsidiaries and associates (including capital increases in associates)	2	(176.4)	(393.2)
Divestments of subsidiaries and associates (including capital repayments of associates)	2	239.6	1,041.8
Purchases of intangible assets		(6.3)	(11.1)
Proceeds from sales of intangible assets		11.0	5.7
Cash flow from investing activities		926.2	703.9
Redemption of subordinated liabilities	11		(76.0)
Proceeds from the issuance of other borrowings	12	3.1	4.1
Payment of other borrowings	12	(28.7)	(48.3)
Purchases of treasury shares	3 & 4	(148.7)	(141.7)
Dividends paid to shareholders of parent companies	4	(419.4)	(338.3)
Dividends paid to non-controlling interests	4	(156.0)	(118.5)
Cash flow from financing activities		(749.7)	(718.7)
Effect of exchange rate differences on cash and cash equivalents		(7.2)	(29.3)
Cash and cash equivalents as at 30 June		2,229.9	2,259.2
Supplementary disclosure of operating cash flow information			
Interest received	20	1,461.7	1,467.5
Dividend received from financial investments	20	85.6	65.2
Interest paid	22	(70.6)	(109.9)



General Notes



Summary of accounting policies

The Ageas Consolidated Interim Financial Statements for the first six months of 2017 comply with International Financial Reporting Standards (IFRS) as at 1 January 2017, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) on that date.

1.1 Basis of accounting

The accounting policies are consistent with those applied for the year ended 31 December 2016. Amended IFRS effective on 1 January 2017 with importance for Ageas (and endorsed by the EU) are listed in paragraph 1.2. The accounting policies as disclosed in our annual report 2016 are a summary of the complete Ageas accounting policies, which can be found at:

<https://www.ageas.com/en/about-us/supervision-audit-and-accounting-policies>.

1.2 Changes in accounting policies

There were no new or revised standards, interpretations and amendments to standards and interpretations which became effective on 1 January 2017 (and are endorsed by the EU).

1.3 Foreign currency

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

1 euro =	Rates at end of period			Average rates	
	30 June 2017	31 December 2016	First half year 2017	First half year 2016	
Pound sterling	0.88	0.86	0.86	0.78	
US dollar	1.14	1.05	1.08	1.12	
Hong Kong dollar	8.91	8.18	8.42	8.67	
Turkey lira	4.01	3.71	3.94	3.26	
China yuan renminbi	7.74	7.32	7.44	7.30	
Malaysia ringgit	4.90	4.73	4.75	4.57	
Philippines Peso	57.57	52.27	54.08	52.33	
Thailand baht	38.74	37.73	37.59	39.56	
Vietnamese Dong	25,641	23,810	24,390	25,000	



Acquisitions and disposals

The following significant acquisitions and disposals were made in 2017 and 2016. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 24 Events after the date of the statement of financial position.

2.1 Acquisitions in 2017

In May 2017, AG Insurance invested in an investment fund managed by Rivage for an amount of EUR 24 million. The purpose of this fund is to invest in the regional public sector in France. This fund is fully consolidated as AG Insurance owns 100% of the shares. There is still an amount of EUR 176 million of uncalled capital, which will be invested in the future.

Besides some small acquisitions within AG Real Estate, there were no material acquisitions in the first six months of 2017.

2.2 Disposals in 2017

In January 2017, AG Real Estate sold 50% of the shares of BG1 (owning the building PWC Lux in Luxembourg) to Sogecap for EUR 71.5 million. The remaining participation of 50% is now reported as an associate. The deconsolidation resulted in a capital gain at 100% of EUR 73 million.

In January 2017, Immo Nation sold 100% of its shares in Fontenay SAS, a warehouse in France, for EUR 38.4 million of which EUR 15.8 million for the shares and EUR 22.6 million refinancing of intercompany loan (granted by Immo Nation) by the buyer. The transaction resulted in a capital gain of EUR 7.8 million.

2.3 Acquisitions in 2016

Ageas Seguros

On 1 April 2016, Ageas completed the acquisition of AXA's share in its Portuguese insurance operations comprising a Non-life business (99.7% stake), a Direct/internet Non-life business (100% stake) and a Life business (95.1% stake) for a total cash consideration of EUR 172.4 million. In this transaction was also included the acquisition of the 4.9% minority stake in the Life business from a third party. In the third quarter of 2016, Ageas acquired the remaining non-controlling stake of 0.3% in the Non-life business. AXA Portugal has been renamed Ageas Seguros.

Ageas Seguros realised in 2016 a net loss of EUR 11 million.

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

Assets		Liabilities	
Cash & cash equivalents	15	Liabilities arising from insurance and investment contracts	1,494
Financial investments and loans	1,379	Liabilities related to unit-linked contracts	93
Investment property	47	Current and deferred tax liabilities	25
Investments related to unit-linked contracts	96	Accrued interest and other liabilities	87
Reinsurance and other receivables	56		
Current and deferred tax assets	82		
Goodwill and other intangibles	164	Total liabilities	1,699
Other Assets	32	Costprice	172
Total Assets	1,871	Total liabilities and equity	1,871

Life insurance joint venture in Vietnam

In August 2015, Ageas and Muang Thai Life Assurance signed an agreement with Military Commercial Joint Stock Bank (Military Bank) to establish a joint venture in Vietnam, which is branded MB Ageas Life.

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

Other acquisitions

In the first quarter of 2016, AG Real Estate acquired for an amount of EUR 28 million, 80% of the shares of Seniorenzentren Deutschland Holding. Seniorenzentren Deutschland Holding holds 100% of TSC Holding S.à.r.l. which owns 12 nursing homes in Germany. Furthermore, AG Insurance made some other acquisitions and capital increases in equity associates for a total amount of around EUR 75 million.

2.4 Disposals in 2016

Life insurance business in Hong Kong

On 12 May 2016, Ageas confirmed the completion of the sale of its Life insurance business in Hong Kong (AICA) to JD Capital (Beijing Tongchuangjiuding Investment Management Co.) for a total consideration of EUR 1.22 billion.

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

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

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

Assets		Liabilities	
Cash & cash equivalents	339	Liabilities arising from insurance and investment contracts	2,334
Financial investments and loans	2,529	Liabilities related to unit-linked contracts	977
Investments related to unit-linked contracts	977	Borrowings	595
Reinsurance and other receivables	121	Current and deferred tax liabilities	3
Current and deferred tax assets	155	Accrued interest and other liabilities	50
Goodwill and other intangibles	426		
Other assets	427	Total liabilities	3,959
		Equity	1,015
Total Assets	4,974	Total liabilities and equity	4,974

Other disposals

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



Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2016	223,778	(11,490)	212,288
Cancelled shares	(7,208)	7,208	
Balance (acquired)/sold		(6,950)	(6,950)
Number of shares as at 31 December 2016	216,570	(11,232)	205,338
Cancelled shares	(7,171)	7,171	
Balance (acquired)/sold		(3,832)	(3,832)
Number of shares as at 30 June 2017	209,400	(7,894)	201,506

3.1 Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company the Board of Ageas was authorised for a period of three years (2017-2019) by the General Shareholders' Meeting of 17 May 2017 to increase the share capital by a maximum amount of EUR 155,400,000 for general purposes.

Applied to a fraction value of EUR 7.40, this enables the issuance of up to 21,000,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables

the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 23 Contingent liabilities).

Ageas has issued options or instruments containing option features that could, upon exercise, lead to an increase in the number of outstanding shares. The table below gives and overview of the shares issued and the potential number of shares issued as at 17 May 2017, after the General Shareholders' meeting.

in thousands	
Number of shares as at 30 June 2017	209,400
Shares that may be issued per Shareholders' Meeting of 17 May 2017	21,000
In connection with option plans	480
Total potential number of shares as at 30 June 2017	230,880

The number of shares issued includes shares that relate to the FRESH convertible instrument (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is part of Ageas Group, the shares related to the FRESH are treated as treasury shares (see below) and eliminated against shareholders' equity (see note 11 Subordinated liabilities).

Treasury shares

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

The total number of treasury shares (7.9 million) consists of shares held for the FRESH (4.0 million and the remaining shares resulting from the share buy-back programme (3.9 million, see below). Details of the FRESH securities are provided in note 11 Subordinated liabilities.

Share buy-back programme 2016

Ageas announced on 10 August 2016 a new share buy-back programme as of 15 August 2016 up to 4 August 2017 for an amount of EUR 250 million.

Between 15 August 2016 and 30 June 2017, Ageas bought back 6,427,095 shares corresponding to 3.07% of the total shares outstanding and totalling EUR 228.2 million.

The General Shareholders' Meeting of 17 May 2017 approved the cancellation of 2,419,328 own shares that had been bought back until 31 December 2016.

Share buy-back programme 2015

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

Ageas completed on Friday 5 August 2016 the share buy-back programme announced on 5 August 2015. Between 17 August 2015 and 5 August 2016, Ageas bought back 6,977,544 shares corresponding to 3.22% of the total shares outstanding and totalling EUR 250 million.

The General Shareholders' Meeting of 27 April 2016 approved the cancellation of 2,226,350 own shares that had been bought back until 31 December 2015. On 17 May 2017, the General Shareholders' Meeting approved the cancellation of the remaining 4,751,194 own shares.

3.2 Shares entitled to dividend and voting rights

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

in thousands

Number of shares issued as at 30 June 2017	209,400
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	3,878
Shares related to the FRESH (see note 11)	3,968
Shares related to CASHES (see note 23)	3,959
Shares entitled to voting rights and dividend	197,595

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

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of Ageas shares outstanding). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 11 Subordinated liabilities and note 23.2 Contingent liabilities).

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

In 2016, 656 CASHES were purchased by BNP Paribas and converted into Ageas shares. At this moment, 4.0 million Ageas shares related to the CASHES are still held by BNP Paribas Fortis SA/NV.

3.3 Earnings per share

The following table details the calculation of earnings per share.

	First half year 2017	First half year 2016
Net result attributable to shareholders	283.6	(67.2)
Weighted average number of ordinary shares for basic earnings per share (in thousands)	203,273	210,230
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	231	508
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	203,504	210,738
Basic earnings per share (in euro per share)	1.40	(0.32)
Diluted earnings per share (in euro per share)	1.39	(0.32)

In the first six months of 2017, weighted average options on 479,690 shares (first six months of 2016: 969,877) with a weighted average exercise price of EUR 154.32 per share (first six months of 2016: EUR 217.94 per share) were excluded from the calculation of diluted EPS because the exercise price of the options was substantially higher than the average market price of the shares.

During 2017 and 2016, 4.0 million Ageas shares arising from the FRESH were excluded from the calculation of diluted earnings per

share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 3.96 million (31 December 2016: 3.96 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 23 Contingent liabilities).



Regulatory supervision and solvency

The National Bank of Belgium (NBB) has designated ageas SA/NV as an Insurance Holding and as such supervises Ageas on a consolidated basis. Since 1 January 2016, Ageas has been supervised on a consolidated level based on the Solvency II framework.

4.1 Requirements and available capital under Solvency II - Partial Internal Model (Pillar 1)

Since 1 January 2016, Ageas is supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model (PIM) for pillar 1 reporting, where the main part of the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

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

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

In the Partial Internal Model (PIM), Ageas applies transitional measures relating to technical provisions in Portugal and France, the grandfathering of issued debt and the extension of reporting deadlines at Group level.

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

	30 June 2017	31 December 2016
Market Risk	4,813.2	4,813.2
Counterparty Default Risk	340.5	356.0
Life Underwriting Risk	640.1	647.9
Health Underwriting Risk	423.4	439.5
Non-Life Underwriting Risk	782.9	834.9
Diversification between above mentioned risks	(1,492.8)	(1,548.9)
Non Diversifiable Risks	682.9	684.4
Loss-Absorption through Technical Provisions	(605.8)	(513.2)
Loss-Absorption through Deferred Taxes	(1,165.0)	(1,060.4)
Group Required Capital under Partial Internal Model (SCR)	4,419.4	4,653.4
Impact of Non-Life Internal Model on Non-Life Underwriting Risk	356.4	285.5
Impact of Non-Life Internal Model on Diversification between risks	(200.3)	(165.3)
Impact of Non-Life Internal Model on Loss-Absorption through Deferred Taxes	47.0	19.4
Group Required Capital under the SII Standard Formula	4,622.5	4,793.0

4.2 Ageas capital management under Solvency II – SCR_{ageas} (Pillar 2 – not reviewed)

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

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk applying an Internal Model for Real Estate (as from 2016) and the removal of transitional measures (with the exception of the grandfathering of

issued debt and the extension of reporting deadlines). In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds. This increases the SCR for EU government bonds and decreases the spread risk for all other bonds. This SCR is called the SCR_{ageas}.

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

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

	30 June 2017	31 December 2016
Group Partial Internal Model SCR	4,419.4	4,653.4
Exclude impact General Account	(80.7)	(64.4)
Insurance Partial Internal Model SCR	4,338.7	4,589.0
Real Estate Internal Model	(336.1)	(367.0)
Additional Spread Risk	(16.7)	(118.6)
Less Diversification	9.7	15.0
Less adjustment Technical Provision	9.5	35.3
Less Deferred Tax Loss Mitigation	79.2	27.9
SCR_{ageas}	4,084.3	4,181.6

	30 June 2017	31 December 2016
Group Eligible Solvency II Own Funds under Partial Internal Model	8,133.6	8,111.5
Exclusion of General Account	(186.1)	(495.8)
Reversal of Transitional measures	(260.8)	(323.7)
Recognition of Parking Concessions	181.5	166.1
Recalculation of Non Transferable	2.7	20.1
Insurance Eligible Solvency II_{ageas} Own Funds	7,870.9	7,478.2

The differences in Own Funds and SCR between Partial Internal Model and SCR_{ageas} that are shown in the tables above, result in a decrease of the Non Transferable Own Funds amounting to EUR 3 million (31 December 2016: decrease of EUR 20 million).

	30 June 2017	31 December 2016
Total Eligible Solvency II Own Funds, of which:	8,133.6	8,111.5
Tier 1	5,698.3	5,653.9
Tier 1 restricted	1,424.6	1,413.5
Tier 2	879.8	918.4
Tier 3	130.9	125.7

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

	30 June 2017			31 December 2016		
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	7,098.9	2,787.1	254.7%	6,943.6	2,849.6	243.7%
UK	748.7	571.9	130.9%	708.9	707.3	100.2%
Continental Europe	1,448.3	932.2	155.4%	1,184.7	934.2	126.8%
Reinsurance	110.5	52.5	210.2%	106.4	38.2	278.1%
Non Transferable Own Funds/Diversification	(1,535.5)	(259.4)		(1,465.4)	(347.7)	
Total Insurance	7,870.9	4,084.3	192.7%	7,478.2	4,181.6	178.8%
Impact of the inclusion of the General Account	376.0	84.4		662.9	76.5	
Total Ageas	8,246.9	4,168.7	197.8%	8,141.1	4,258.1	191.2%

5

Related parties

As at 30 June 2017, no outstanding loans, credits or bank guarantees have been granted to Board Members and executive managers or to close family members of the Board Members and close family members of executive managers.

6

Information on operating segments

6.1 General information

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

Operating segments

Ageas is organised in operating segments:

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

Activities not related to insurance and Group elimination differences are reported separately from the Insurance activities in the sixth operating segment: General Account.

There were no changes applied in the operating segments in the first half year of 2017.

6.2 Income statement by operating segment

First half year 2017	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- <i>Gross premium income</i>	2,508.1	830.9	932.7		24.2	(24.2)	4,271.7		(0.6)	4,271.1
- <i>Change in unearned premiums</i>	(83.7)	(16.5)	(17.5)				(117.7)			(117.7)
- <i>Ceded earned premiums</i>	(31.5)	(51.7)	(52.9)		(13.2)	24.2	(125.1)			(125.1)
Net earned premiums	2,392.9	762.7	862.3		11.0		4,028.9		(0.6)	4,028.3
Interest, dividend and other investment income	1,254.1	30.8	117.0		0.7		1,402.6	13.6	(15.6)	1,400.6
Unrealised gain (loss) on RPN(I)								(121.9)		(121.9)
Result on sales and revaluations	130.7	21.7	(3.9)				148.5	(0.6)		147.9
Income related to investments for unit-linked contracts	152.5		248.0				400.5			400.5
Share in result of associates	(1.9)	7.8	14.7	127.3			147.9	1.1		149.0
Fee and commission income	70.3	36.8	61.5			1.0	169.3			169.3
Other income	59.7	(4.2)	2.4			(1.3)	56.6	3.0	(6.8)	52.8
Total income	4,058.3	855.6	1,302.0	127.3	12.7	(1.6)	6,354.3	(104.8)	(23.0)	6,226.5
Expenses										
- <i>Insurance claims and benefits, gross</i>	(2,430.4)	(771.5)	(722.1)		(14.9)	(0.6)	(3,939.5)		0.6	(3,938.9)
- <i>Insurance claims and benefits, ceded</i>	0.6	223.8	20.8		9.3	0.4	254.9			254.9
Insurance claims and benefits, net	(2,429.8)	(547.7)	(701.3)		(5.6)	(0.2)	(3,684.6)		0.6	(3,684.0)
Charges related to unit-linked contracts	(166.0)		(261.5)				(427.5)			(427.5)
Financing costs	(53.4)	(5.0)	(5.4)				(63.8)	(11.0)	15.5	(59.3)
Change in impairments	(4.7)		(2.3)				(7.0)			(7.0)
Change in provisions	(0.1)		0.6				0.5	0.1		0.6
Fee and commission expenses	(320.4)	(152.4)	(100.0)		(2.8)	0.4	(575.2)			(575.2)
Staff expenses	(255.3)	(83.9)	(45.3)	(11.9)			(396.4)	(13.6)		(410.0)
Other expenses	(363.7)	(55.1)	(78.5)	(2.3)	(1.2)	1.4	(499.4)	(23.8)	6.8	(516.4)
Total expenses	(3,593.4)	(844.1)	(1,193.7)	(14.2)	(9.6)	1.6	(5,653.4)	(48.3)	22.9	(5,678.8)
Result before taxation	464.9	11.5	108.3	113.1	3.1		700.9	(153.1)	(0.1)	547.7
Tax income (expenses)	(109.2)	(0.3)	(28.4)				(137.9)	(7.9)		(145.8)
Net result for the period	355.7	11.2	79.9	113.1	3.1		563.0	(161.0)	(0.1)	401.9
Attributable to non-controlling interests	96.7		21.6				118.3			118.3
Net result attributable to shareholders	259.0	11.2	58.3	113.1	3.1		444.7	(161.0)	(0.1)	283.6
Total income from external customers	4,063.5	862.7	1,304.9	127.3			6,358.4	(143.0)		6,215.4
Total income internal	(5.2)	(7.1)	(2.9)		12.7	(1.6)	(4.1)	38.2	(23.0)	11.1
Total income	4,058.3	855.6	1,302.0	127.3	12.7	(1.6)	6,354.3	(104.8)	(23.0)	6,226.5
Non-cash expenses (excl. depreciation & amortisation)	(50.1)						(50.1)	0.1		(50.0)

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

First half year 2017	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,508.1	830.9	932.7		24.2	(24.2)	4,271.7		(0.6)	4,271.1
Inflow deposit accounting	415.5		501.0				916.5			916.5
Gross inflow	2,923.6	830.9	1,433.7		24.2	(24.2)	5,188.2		(0.6)	5,187.6

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

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

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

6.3 Operating result insurance

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

Operating result includes net earned premiums, fees and allocated investment income and realised capital gains or losses minus net claims and benefits and all operating expenses, including claim handling expenses, investment expenses, commissions and other expenses, allocated to the insurance and/or investment contract. The difference between operating result and result before taxation consists of all income and costs not allocated to the insurance and/or investment contracts and thus not reported in the operating result or

result from non-consolidated partnerships. The definitions of the alternative performance measures are explained below the tables.

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

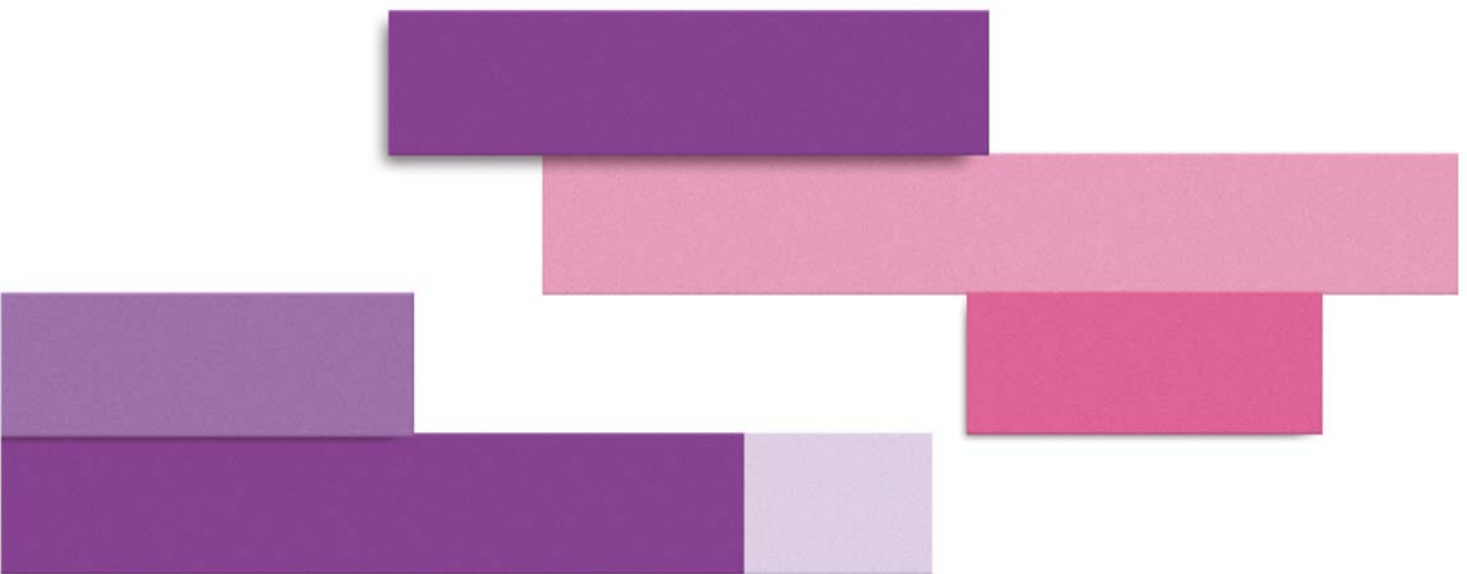
The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

First half year 2017	Belgium	Continental UK	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total Ageas
Gross inflow Life	1,891.1		1,002.9				2,894.0			2,894.0
Gross inflow Non-life	1,032.5	830.9	430.8		24.2	(24.2)	2,294.2		(0.6)	2,293.6
Operating costs	(274.9)	(119.9)	(105.3)		(1.1)	-	(501.2)			(501.2)
- <i>Guaranteed products</i>	265.5		52.6				318.1			318.1
- <i>Unit linked products</i>	11.2		7.5				18.7			18.7
Life operating result	276.7		60.1				336.8			336.8
- <i>Accident & Health</i>	17.0	(0.3)	23.7				40.4			40.4
- <i>Motor</i>	66.3	4.0	(2.8)		1.4		68.9			68.9
- <i>Fire and other damage to property</i>	49.1	6.3	12.3		0.7		68.4			68.4
- <i>Other</i>	13.7	(6.3)	9.1		0.3		16.8			16.8
Non-life operating result	146.1	3.7	42.3		2.4		194.5			194.5
Operating result	422.8	3.7	102.4		2.4		531.3			531.3
Share in result of associates non allocated		7.8	14.7	127.3			149.8	1.1		150.9
Other result, including brokerage	42.1		(8.8)	(14.2)		0.7	19.8	(154.2)	(0.1)	(134.5)
Result before taxation	464.9	11.5	108.3	113.1	3.1		700.9	(153.1)	(0.1)	547.7
Key performance indicators Life										
Net underwriting margin	(0.04%)		0.28%				0.03%			0.03%
Investment margin	1.04%		0.51%				0.92%			0.92%
Operating margin	1.00%		0.79%				0.95%			0.95%
- <i>Operating margin Guaranteed products</i>	1.10%		1.33%				1.14%			1.14%
- <i>Operating margin Unit linked products</i>	0.30%		0.20%				0.25%			0.25%
Life cost ratio in % of Life technical liabilities (annualised)	0.38%		0.40%				0.39%			0.39%
Key performance indicators Non-life										
Expense ratio	38.3%	33.9%	28.8%		26.4%		34.9%			34.9%
Claims ratio	52.0%	71.8%	61.7%		51.3%		61.0%			61.0%
Combined ratio	90.3%	105.7%	90.5%		77.7%		95.9%			95.9%
Operating margin	15.9%	0.5%	11.3%		22.3%		9.4%			9.4%
Technical Insurance liabilities	62,322.8	2,883.1	17,271.9		24.9	(14.0)	82,488.7		(8.7)	82,480.0

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

Definitions of alternative performance measures in the tables:

Net underwriting result	:	The difference between the net earned premiums and the sum of the actual claim payments and the change in insurance liabilities, both net of reinsurance. The result is presented net of allocated claim handling expenses, general expenses, commissions and reinsurance.
Net underwriting margin	:	For Life the net annualised underwriting result divided by the average net Life insurance liabilities during the reporting period. For Non-life the net underwriting result divided by the net earned premium.
Net investment result	:	The sum of investment income and realised capital gains or losses on assets covering insurance liabilities, after deduction of related investment expenses. The investment results in Life is also adjusted for the amount that is allocated to the policyholders as technical interest and profit sharing. The investment results in Accident & Life (part of Non-life) is also corrected for the technical interest that has been accrued to the insurance liabilities.
Net investment margin	:	For Life the annualised investment result divided by the average net Life insurance liabilities during the reporting period. For Non-life the investment result divided by the net earned premium.
Net operating result	:	The sum of net underwriting result, investment result and other result allocated to the insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to the insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships.
Net operating margin	:	For Life the annualised operating result of the period divided by the average net Life insurance liabilities. For Non-life the operating result divided by the net earned premium.
Net earned premium	:	The written premiums of Non-life covering the risks for the current period netted for the premiums paid to reinsurers and the change in unearned premiums reserves.
Expense ratio	:	The expenses as a percentage of net earned premiums. Included in expenses are internal costs of claims handling commissions, net of reinsurance.
Claims ratio	:	The cost of claims, net of reinsurance, as a percentage of net earned premiums.
Combined ratio	:	A measure of profitability in Non-life which is the ratio between the insurer's total expenses and net earned premiums. This is insurer's total expenses as a percentage of net earned premiums. This is the sum of the claims ratio and the expense ratio.



Notes to the
Consolidated statement
of financial position



Financial investments

The composition of financial investments is as follows.

	30 June 2017	31 December 2016
Financial investments		
- Held to maturity	4,645.1	4,715.3
- Available for sale	59,822.3	61,816.9
- Held at fair value through profit or loss	299.0	251.1
- Derivatives held for trading	57.1	8.0
Total, gross	64,823.5	66,791.3
Impairments:		
- of investments available for sale	(220.3)	(219.9)
Total impairments	(220.3)	(219.9)
Total	64,603.2	66,571.4

For more information on Derivatives held for trading, please refer to note 16 Derivatives for further details.

7.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Investments held to maturity at 1 January 2016	4,725.0	77.1	4,802.1
Amortisation	10.9	2.5	13.4
Maturities	(94.5)	(5.7)	(100.2)
Investments held to maturity at 31 December 2016	4,641.4	73.9	4,715.3
Amortisation	3.7	1.1	4.8
Maturities		(75.0)	(75.0)
Investments held to maturity at 30 June 2017	4,645.1		4,645.1
Fair value at 31 December 2016	7,046.1	74.8	7,120.9
Fair value at 30 June 2017	6,825.2		6,825.2

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

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

	Historical/ amortised cost	Fair value
30 June 2017		
Belgian national government	4,339.1	6,449.4
Portuguese national government	306.0	375.8
Total	4,645.1	6,825.2
31 December 2016		
Belgian national government	4,342.6	6,674.9
Portuguese national government	298.8	371.2
Total	4,641.4	7,046.1

7.2 Investments available for sale

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

30 June 2017	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,814.6	5,255.7	(92.2)	32,978.1		32,978.1
Corporate debt securities	20,324.9	1,596.8	(29.7)	21,892.0	(21.7)	21,870.3
Structured credit instruments	66.1	11.8	(0.3)	77.6	(0.1)	77.5
Available for sale investments in debt securities	48,205.6	6,864.3	(122.2)	54,947.7	(21.8)	54,925.9
Private equities and venture capital	65.9	8.2	(0.2)	73.9		73.9
Equity securities	4,097.9	719.9	(25.1)	4,792.7	(198.5)	4,594.2
Other investments	8.0			8.0		8.0
Available for sale investments in equity securities and other investments	4,171.8	728.1	(25.3)	4,874.6	(198.5)	4,676.1
Total investments available for sale	52,377.4	7,592.4	(147.5)	59,822.3	(220.3)	59,602.0

31 December 2016	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,358.5	5,941.2	(102.3)	33,197.4		33,197.4
Corporate debt securities	22,168.4	1,878.2	(42.1)	24,004.5	(22.6)	23,981.9
Structured credit instruments	108.2	11.3	(1.4)	118.1	(0.1)	118.0
Available for sale investments in debt securities	49,635.1	7,830.7	(145.8)	57,320.0	(22.7)	57,297.3
Private equities and venture capital	62.6	5.9	(1.3)	67.2		67.2
Equity securities	3,842.9	609.2	(31.6)	4,420.5	(197.2)	4,223.3
Other investments	9.2			9.2		9.2
Available for sale investments in equity securities and other investments	3,914.7	615.1	(32.9)	4,496.9	(197.2)	4,299.7
Total investments available for sale	53,549.8	8,445.8	(178.7)	61,816.9	(219.9)	61,597.0

An amount of EUR 1,125.8 million of the investments available for sale has been pledged as collateral (31 December 2016: EUR 1,288.4 million) (see also note 12 Borrowings).

The valuation of investments available for sale is based on:

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

The valuation is as follows.

30 June 2017	Level 1	Level 2	Level 3	Total
Government bonds	32,930.7	47.4		32,978.1
Corporate debt securities	20,997.7	868.6	4.0	21,870.3
Structured credit instruments	61.3	1.4	14.8	77.5
Equity securities, private equities and other investments	3,029.1	1,428.8	218.2	4,676.1
Total Investments available for sale	57,018.8	2,346.2	237.0	59,602.0

31 December 2016	Level 1	Level 2	Level 3	Total
Government bonds	33,149.6	47.8		33,197.4
Corporate debt securities	23,342.0	639.9		23,981.9
Structured credit instruments	37.3	49.3	31.4	118.0
Equity securities, private equities and other investments	2,839.9	1,313.0	146.8	4,299.7
Total Investments available for sale	59,368.8	2,050.0	178.2	61,597.0

The changes in level 3 valuation are as follows.

	30 June 2017	31 December 2016
Balance as at 1 January	178.2	219.9
Maturity/redemption or repayment	(11.7)	(25.1)
Acquired	22.3	13.2
Proceeds from sales	(6.3)	(26.7)
Realised gains (losses)	(0.4)	2.6
Impairments	(1.2)	(4.7)
Unrealised gains (losses)	3.8	(1.0)
Transfers between valuation categories	52.3	
Closing balance	237.0	178.2

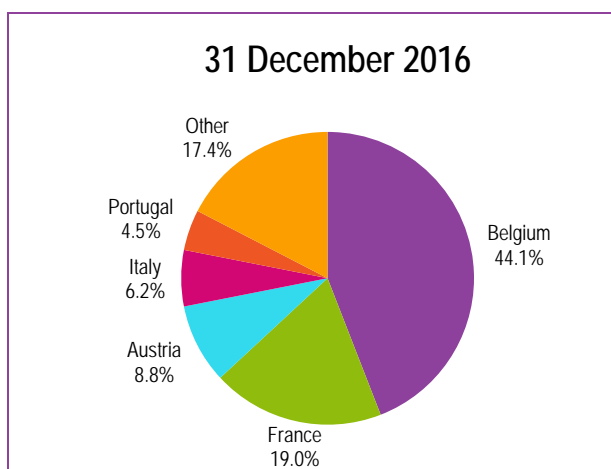
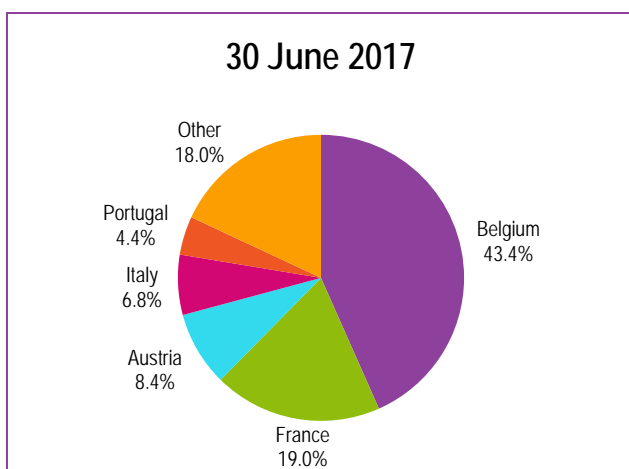
Level 3 valuations for private equities and venture capital use fair values disclosed in the audited financial statements of the relevant participations. Level 3 valuations for equities and asset-backed securities use a discounted cash flow methodology. Expected cash flows take into account original underwriting criteria, borrower attributes (such as age and credit scores), loan-to-value ratios, expected house price movements and expected prepayment rates etc. Expected cash flows are discounted at risk-adjusted rates. Market participants often use such discounted cash flow techniques to price private equities and venture capital. We rely also on these

quotes to a certain extent when valuing these instruments. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

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

Government bonds by country of origin

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



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

	30 June 2017	31 December 2016
Available for sale investments in debt securities:		
Carrying amount	54,925.9	57,297.3
Gross unrealised gains and losses	6,742.1	7,684.9
- Related tax	(2,276.7)	(2,597.2)
Shadow accounting	(2,919.0)	(3,701.3)
- Related tax	987.0	1,256.7
Net unrealised gains and losses	2,533.4	2,643.1

	30 June 2017	31 December 2016
Available for sale investments in equity securities and other investments:		
Carrying amount	4,676.1	4,299.7
Gross unrealised gains and losses	702.8	582.2
- Related tax	(74.5)	(67.8)
Shadow accounting	(299.8)	(282.4)
- Related tax	100.9	96.1
Net unrealised gains and losses	429.4	328.1

Impairments of investments available for sale

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

	30 June 2017	31 December 2016
Impairments of investments available for sale:		
- debt securities	(21.8)	(22.7)
- equity securities and other investments	(198.5)	(197.2)
Total impairments of investments available for sale	(220.3)	(219.9)

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

	30 June 2017	31 December 2016
Balance as at 1 January	(219.9)	(200.1)
Increase in impairments	(5.3)	(58.0)
Reversal on sale/disposal	4.0	36.7
Foreign exchange differences and other adjustments	0.9	1.5
Closing balance	(220.3)	(219.9)

7.3 Investments held at fair value through profit or loss

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

	30 June 2017	31 December 2016
Government bonds	1.6	
Corporate debt securities	98.2	69.3
Debt securities	99.8	69.3
Equity securities	99.3	117.5
Other investments	99.9	64.3
Equity securities and other investments	199.2	181.8
Total investments held at fair value through profit or loss	299.0	251.1

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

The nominal value of the debt securities held at fair value through profit or loss as at 30 June 2017 is EUR 99.5 million (31 December 2016: EUR 69.4 million).

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

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

The valuation is as follows.

30 June 2017	Level 1	Level 2	Level 3	Total
Government Bonds	1.6			1.6
Corporate debt securities	98.2			98.2
Equity securities	99.3			99.3
Other investments	5.5	94.4		99.9
Total Investments held at fair value through profit or loss	204.6	94.4		299.0

31 December 2016	Level 1	Level 2	Level 3	Total
Corporate debt securities	69.3			69.3
Equity securities	76.5	41.0		117.5
Other investments		64.3		64.3
Total Investments held at fair value through profit or loss	145.8	105.3		251.1

7.4 Real estate

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

Fair value:	30 June 2017	31 December 2016
Investment property	3,782.8	3,845.5
Land and buildings held for own use	1,516.3	1,452.5
Total fair value	5,299.1	5,298.0
Carrying amount:		
Investment property	2,671.8	2,772.5
Land and buildings held for own use	1,076.4	1,036.0
Total carrying amount	3,748.2	3,808.5
Gross unrealised gain / loss	1,550.9	1,489.5
Taxation	(515.3)	(494.7)
Net unrealised gain / loss (not recognised in equity)	1,035.6	994.8



Loans

The composition of loans is as follows.

	30 June 2017	31 December 2016
Government and official institutions	4,006.8	3,803.1
Residential mortgages	1,254.2	1,288.6
Commercial loans	2,164.4	2,009.9
Interest bearing deposits	786.0	737.4
Loans to banks	573.8	512.1
Policyholder loans	281.6	265.5
Corporate loans	77.1	79.7
Total	9,143.9	8,696.3
Less impairments	(10.5)	(11.3)
Total Loans	9,133.4	8,685.0



Investments in associates

The following table provides information on investments in associates.

2017	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates	559.4	98.8	253.0	1,916.4	30.2	6.4	2,864.2
Share in result of associates	(1.9)	7.8	14.7	127.3	1.1		149.0
Gross Inflow of associates		237.0	1,582.7	13,457.7			15,277.4
Gross Inflow of associates @ Ageas Share		118.7	535.1	3,467.2			4,121.0

Prior Year	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates (31 Dec 2016)	469.2	76.4	251.3	2,005.4	46.9	6.5	2,855.7
Share in result of associates (6M 2016)	1.1	4.4	5.9	128.5	12.5		152.4
Gross Inflow of associates (6M 2016)		256.2	1,574.9	10,846.4			12,677.5
Gross Inflow of associates @ Ageas Share (6M 2016)		128.4	532.9	2,801.3			3,462.6

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

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

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

Royal Park Investments

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

10

Insurance liabilities

10.1 Liabilities arising from Life insurance contracts

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

	30 June 2017	31 December 2016
Liability for future policyholder benefits	25,642.0	25,714.7
Reserve for policyholder profit sharing	168.4	176.5
Shadow accounting	1,799.7	2,326.9
Gross	27,610.1	28,218.1
Reinsurance	(17.1)	(22.9)
Net	27,593.0	28,195.2

10.2 Liabilities arising from Life investment contracts

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

	30 June 2017	31 December 2016
Liability for future policyholder benefits	29,867.2	30,097.9
Reserve for policyholder profit sharing	115.9	147.4
Shadow accounting	1,419.2	1,656.9
Gross	31,402.3	31,902.2
Reinsurance		
Net	31,402.3	31,902.2

10.3 Liabilities related to unit-linked contracts

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

	30 June 2017	31 December 2016
Insurance contracts	2,408.1	2,296.9
Investment contracts	12,801.1	12,056.4
Total	15,209.2	14,353.3

10.4 Liabilities arising from Non-life insurance contracts

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

	30 June 2017	31 December 2016
Claims reserves	6,575.1	6,378.6
Unearned premiums	1,662.3	1,571.7
Reserve for policyholder profit sharing	21.0	24.9
Gross	8,258.4	7,975.2
Reinsurance	(790.4)	(616.6)
Net	7,468.0	7,358.6



Subordinated liabilities

The following table provides a specification of subordinated liabilities.

	30 June 2017	31 December 2016
FRESH	1,250.0	1,250.0
Fixed Rate Reset Perpetual Subordinated Notes	479.5	518.6
Fixed to Floating Rate Callable Subordinated Notes	99.7	99.6
Fixed to Floating Rate Callable Subordinated Loan BCP Investments	58.8	58.8
Dated Fixed Rate Subordinated Notes	395.8	395.7
Total subordinated liabilities	2,283.8	2,322.7

The following table shows the changes in subordinated liabilities.

	30 June 2017	31 December 2016
Balance as at 1 January	2,322.7	2,380.4
Redemption		(76.0)
Foreign exchange differences	(39.8)	16.6
Amortisation premiums and discounts	0.9	1.7
Closing balance	2,283.8	2,322.7

12

Borrowings

The table below shows the components of borrowings.

	30 June 2017	31 December 2016
Repurchase agreements	1,137.9	1,300.0
Loans	1,008.9	1,061.8
Due to banks	2,146.8	2,361.8
Funds held under reinsurance agreements	96.5	92.0
Finance lease agreements	19.5	19.8
Other borrowings	27.3	22.2
Total borrowings	2,290.1	2,495.8

Repurchase agreements are essentially secured short-term loans that are used to hedge specific investments with resettable interest rates and for cash management purposes.

Ageas has pledged debt securities with a carrying amount of EUR 1,125.8 million (31 December 2016: EUR 1,288.4 million) as collateral for repurchase agreements. In addition, property has been pledged as collateral for loans and other with a carrying amount of EUR 28.3 million (31 December 2016: EUR 391.5 million).

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

The following table shows the changes in borrowings.

	30 June 2017	31 December 2016
Balance as at 1 January	2,495.8	2,787.5
Acquisition of subsidiaries	157.8	119.4
Divestment of subsidiaries	(149.3)	(595.8)
Proceeds from issuance	7.7	88.1
Payments	(219.5)	(85.9)
Foreign exchange differences	(2.4)	(40.0)
Amortisation premiums and discounts		0.1
Unrealised Gains & Losses		(1.6)
Other changes		224.0
Closing balance	2,290.1	2,495.8

13

RPN (I)

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

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

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding (3,791 at 30 June 2017) divided by the number of CASHES securities originally issued (12,000).

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

Valuation

The RPN reference amount is based on the CASHES price and Ageas share price. The reference amount increased from EUR 275.0 million at year-end 2016 to EUR 396.9 million at 30 June 2017, due to a rise in the CASHES price from 66.40% to 78.28% and a drop in the Ageas share price from EUR 37.61 to EUR 35.26 over the first six months of 2017.

Sensitivity of RPN(I) Value

At 30 June 2017 each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 9.5 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 4.0 million.



Provisions

The provisions mainly relate to legal disputes and reorganisations and are based on best estimates available at period-end based on management judgement, in most cases supported by the opinion of legal advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes. We refer to note 23 Contingent liabilities, which describes the various ongoing litigation proceedings.

Global settlement related to the Fortis events of 2007 and 2008

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

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers (the "Insurers"), the D&O's involved in litigation and BNP Paribas Fortis.

On 24 March 2017, the Amsterdam Appeal Court held a public hearing during which it heard the request to declare the Settlement binding as well as the arguments that were submitted against it. On 16 June 2017, the court took the interim decision not to declare the Settlement binding in its current format. The petitioners have been offered the opportunity to submit a supplemented and amended agreement to the court by 17 October 2017 at the latest. This interim decision did not have any impact on the amount provisioned.

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

Changes in provisions during the year are as follows.

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

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

The impact of the proposed settlements on the Group net IFRS result amounts to EUR 894 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement;
- plus EUR 50 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process;
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount;
- minus the settlement amount of EUR 290 million to be contributed by the D&O Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132.6 million).

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

The amounts are presented under the line item 'Provisions' in the statement of financial position and the line item 'Change in provisions' in the income statement.

	30 June 2017	31 December 2016
Balance as at 1 January	1,067.2	175.0
Acquisition and divestment of subsidiaries		4.5
Increase (Decrease) in provisions	(0.6)	892.7
Utilised during the year	(2.9)	(4.1)
Foreign exchange differences	(0.1)	(0.9)
Other	6.4	
Closing balance	1,070.0	1,067.2

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Liabilities related to written put options NCI

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

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

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

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

Based on these assumptions, the net present value of the liability as at 30 June 2017 is EUR 1,363 million (31 December 2016: EUR 1,266 million). The following sensitivities have been calculated.

Discount rate	+1% point	(1%) point
Value liability	1,357	1,370
Relative impact	(0.4%)	0.5%

Price to Embedded Value	+10%	(10%)
Value liability	1,457	1,270
Relative impact	6.9%	(6.8%)

Growth rate	+1% point	(1%) point
Value liability	1,372	1,355
Relative impact	0.7%	(0.6%)

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

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

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

Treatment of the option in the income statement

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

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

Value Put Option	30 June 2017	31 December 2016	Change
Value Liability Put Option	1,363.0	1,266.0	97.0
Corresponding Non Controlling Interest	(1,520.1)	(1,561.2)	41.1
Impact on Shareholders' Equity	157.1	295.2	(138.1)

15.2 Put option AG Insurance granted to Parkimo

AG Insurance granted an unconditional put option on its 10.05% ownership to Parkimo, a minority shareholder of Interparking. The put option has been measured at the fair value of the expected settlement amounting to EUR 99.9 million (31 December 2016: 101.0 million). AG Insurance has granted other put options for an amount of EUR 7.5 million (31 December 2016: EUR 7.9 million).

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Derivatives

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

Fair value movements of trading derivatives are recorded in the income statement. Fair value movements of hedging derivatives are

recorded in Other comprehensive income together with the fair value movement of the hedged position.

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

Trading derivatives

	30 June 2017			31 December 2016		
	Fair values		Notional amount	Fair values		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange contracts						
Forwards and futures	50.4	1.5	1,528.1	2.0	60.8	1,926.7
Total	50.4	1.5	1,528.1	2.0	60.8	1,926.7
Interest rate contracts						
Swaps	3.2	12.5	338.5	2.9	12.8	376.1
Options	0.2		133.0	0.2		91.0
Total	3.4	12.5	471.5	3.2	12.8	467.1
Equity/Index contracts						
Options and warrants		0.5			0.5	
Total		0.5			0.5	
Other	3.3		16.6	2.8		35.2
Total	57.1	14.5	2,016.2	8.0	74.1	2,429.0
Fair values supported by observable market data	1.6			0.2	10.9	
Fair values obtained using a valuation model	55.5	14.5		7.8	63.2	
Total	57.1	14.5		8.0	74.1	
Over the counter (OTC)	57.1	14.5	2,016.2	8.0	74.1	2,429.0
Total	57.1	14.5	2,016.2	8.0	74.1	2,429.0

Hedging derivatives

	30 June 2017			31 December 2016		
	Fair values		Notional amount	Fair values		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Interest rate contracts						
Swaps	1.6	17.1	1,290.2		43.4	1,441.9
Options				0.1		82.2
Total	1.6	17.1	1,290.2	0.1	43.4	1,524.1
Equity/Index contracts						
Forwards and futures	3.1	10.3	173.1	4.3	7.2	97.4
Total	3.1	10.3	173.1	4.3	7.2	97.4
Total	4.7	27.4	1,463.3	4.4	50.6	1,621.5
Fair values supported by observable market data	3.1	21.7		4.3	36.6	
Fair values obtained using a valuation model	1.6	5.7		0.1	14.0	
Total	4.7	27.4		4.4	50.6	
Over the counter (OTC)	4.7	27.4	1,463.3	4.4	50.6	1,621.5
Total	4.7	27.4	1,463.3	4.4	50.6	1,621.5

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



Commitments

Commitments received and given are as follows.

Commitments	30 June 2017	31 December 2016
Commitment Received		
Credit lines	526.7	526.6
Collateral and guarantees received	4,896.8	4,919.5
Total received	5,423.5	5,446.1
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	130.9	91.4
<i>Credit lines</i>	<i>1,180.4</i>	<i>1,468.5</i>
<i>Used</i>	<i>(661.5)</i>	<i>(618.3)</i>
Available	518.9	850.2
Collateral and guarantees given	1,169.2	1,695.4
Entrusted assets and receivables	724.7	724.2
Capital rights & commitments	171.3	243.1
Other off balance-sheet commitments	761.0	884.2
Total given	3,476.0	4,488.5

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

Commitments given largely comprise collateral and guarantees given (EUR 1,169 million) in connection with repurchase agreements, entrusted assets and receivables (EUR 724 million), and extended credit lines.

Other off balance sheet commitments as at 30 June 2017 include EUR 173 million in outstanding credit bids (31 December 2016: EUR 58 million) and EUR 397 million in real estate commitments (31 December 2016: EUR 749 million).

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Fair value of financial assets
and financial liabilities

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

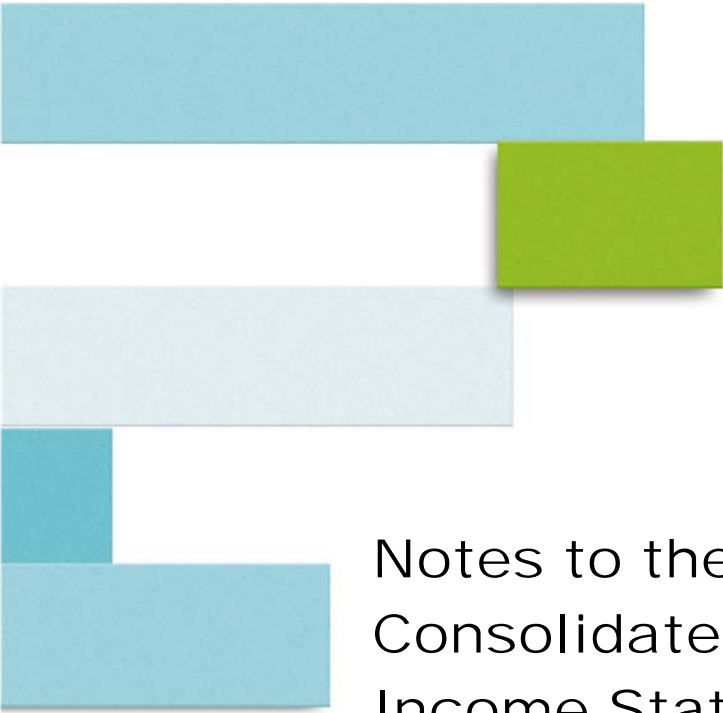
	Level	30 June 2017		31 December 2016	
		Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,229.9	2,229.9	2,180.9	2,180.9
Financial Investments held to maturity	1 / 3	4,645.1	6,825.2	4,715.3	7,120.9
Loans	2	9,133.4	9,698.6	8,685.0	9,357.6
Reinsurance and other receivables	2	2,374.6	2,373.6	2,192.3	2,192.3
Total financial assets		18,383.0	21,127.3	17,773.5	20,851.7
Liabilities					
Subordinated liabilities	2	2,283.8	2,406.6	2,322.7	2,360.0
Loans	2	2,255.7	2,261.6	2,462.0	2,461.2
Other borrowings	2	34.3	34.3	33.8	33.8
Total financial liabilities		4,573.8	4,702.5	4,818.5	4,855.0

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction. A detailed description of the methods used to determine the fair value of financial instruments is disclosed in our Annual report of 2016. There were no material changes in the valuation methods used to determine

the fair value in the first six months of 2017 compared to the Annual report of 2016.

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

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



Notes to the Consolidated Income Statement



Insurance premiums

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

	First half year 2017	First half year 2016
Gross inflow Life	2,894.0	3,387.8
Gross inflow Non-life	2,294.2	2,277.1
General and eliminations	(0.6)	(0.1)
Total gross inflow	5,187.6	5,664.8

	First half year 2017	First half year 2016
Net earned premiums Life	1,959.5	2,608.0
Net earned premiums Non-life	2,069.4	2,044.9
General and eliminations	(0.6)	(0.1)
Total net earned premiums	4,028.3	4,652.8

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

	First half year 2017	First half year 2016
Gross premium Life	1,977.5	2,638.3
Ceded reinsurance premiums	(18.0)	(30.3)
Net premiums Life	1,959.5	2,608.0

Non-life

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

First half year 2017	Accident & Health	Property & Casualty	Total
Gross written premiums	493.2	1,801.0	2,294.2
Change in unearned premiums, gross	(42.4)	(75.3)	(117.7)
Gross earned premiums	450.8	1,725.7	2,176.5
Ceded reinsurance premiums	(16.5)	(87.6)	(104.1)
Reinsurers' share of unearned premiums	2.5	(5.5)	(3.0)
Net earned premiums Non-life	436.8	1,632.6	2,069.4

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

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Interest, dividend and other investment income

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

	First half year 2017	First half year 2016
Interest income		
Interest income on cash & cash equivalents	0.6	3.1
Interest income on loans to banks	10.2	10.3
Interest income on investments	883.3	981.2
Interest income on loans to customers	101.1	108.7
Interest income on derivatives held for trading	(0.1)	0.8
Other interest income	1.2	11.1
Total interest income	996.3	1,115.2
Dividend income from equity securities	85.6	65.3
Rental income from investment property	113.0	119.8
Revenues parking garage	196.9	164.9
Other investment income	8.8	22.9
Total interest, dividend and other investment income	1,400.6	1,488.1

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Insurance claims and benefits

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

	First half year 2017	First half year 2016
Life insurance	2,399.0	3,132.8
Non-life insurance	1,285.6	1,342.5
General account and eliminations	(0.6)	(0.2)
Total insurance claims and benefits, net	3,684.0	4,475.1

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

	First half year 2017	First half year 2016
Benefits and surrenders, gross	2,529.5	2,277.2
Change in liabilities arising from insurance and investment contracts, gross	(123.8)	867.5
Total Life insurance claims and benefits, gross	2,405.7	3,144.7
Reinsurers' share of claims and benefits	(6.7)	(11.9)
Total Life insurance claims and benefits, net	2,399.0	3,132.8

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

	First half year 2017	First half year 2016
Claims paid, gross	1,287.2	1,334.0
Change in liabilities arising from insurance contracts, gross	246.6	86.2
Total Non-life insurance claims and benefits, gross	1,533.8	1,420.2
Reinsurers' share of claims paid	(57.1)	(41.9)
Reinsurers' share of change in liabilities	(191.1)	(35.8)
Total Non-life insurance claims and benefits, net	1,285.6	1,342.5

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Financing costs

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

	First half year 2017	First half year 2016
Financing costs		
Subordinated liabilities	35.5	38.3
Borrowings	11.7	12.7
Other borrowings	0.4	11.5
Derivatives	3.2	3.3
Other liabilities	8.5	25.0
Total financing costs	59.3	90.8



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

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Contingent liabilities

23.1 Contingent liabilities related to legal proceedings

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

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

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

On 14 March 2016 Ageas entered into a settlement agreement with several claimant organisations that represent a series of shareholders in collective claims before the Belgian and Dutch courts (the "**Settlement**"). On 23 May 2016 the parties to the Settlement, i.e. Ageas, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis, VEB and Stichting FORsettlement have requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders who will not opt out before the expiry of a given period, in accordance with the Dutch Act on Collective Settlement of Mass Claims (*Wet Collectieve Afwikkeling Massaschade*). In the meantime Ageas also reached an agreement with Mr Arnauts and Mr Lenssens, two Brussels based attorneys who launched legal action against Ageas on behalf of a number of claimants, and in 2017 with the Luxembourg based company Archand s.à.r.l. and affiliated persons, to support the settlement.

The Settlement will only be final (i) if the Amsterdam Appeal Court has declared the Settlement binding and (ii) if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination right. On 24 March 2017, the Amsterdam Appeal Court held a public hearing during which it heard the request to declare the Settlement binding as well as the arguments that were submitted against it. On 16 June 2017, the court took the interim decision not to declare the Settlement binding in its current format. The petitioners have been offered the opportunity to submit a supplemented and amended agreement to the court by 17 October 2017 at the latest.

I Proceedings covered by the Settlement

1. Civil proceedings initiated by shareholders or associations of shareholders

A provision of EUR 1 billion has been recognized for the Settlement, including a provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount (see note 14 Provisions).

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

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

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

1.1 In the Netherlands

1.1.1 VEB

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

1.1.2 *Stichting FortisEffect*

Stichting FortisEffect and a series of individuals represented by Mr De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their collective action to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages. On 29 July 2014 the Amsterdam Appeal Court decided that the sale of the Dutch Fortis entities in 2008 remains unaffected. However, it also ruled that during the period of 29 September through 1 October 2008 Fortis provided misleading and incomplete information to the markets. The Court concluded that Ageas should indemnify the damages suffered as a result thereof by the shareholders concerned. The damages, if any, should be decided upon and determined in further proceedings. Ageas has launched an appeal against the Court's decision with the Dutch Supreme Court in October 2014. FortisEffect equally appealed with the Supreme Court a.o. because the Appeal Court ruled that the communication of the Dutch State was not misleading. As FortisEffect's action against the Dutch State is not covered by the settlement, its appeal against the Dutch State was not suspended. On 30 September 2016 the Supreme Court rejected the appeal relating to the Dutch State's communication.

1.1.3 *Stichting Investor Claims Against Fortis (SICAF)*

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

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

1.1.4 *Claims on behalf of individual shareholders*

In proceedings initiated by a series of individuals represented by Mr Bos, the Utrecht Court decided on 15 February 2012 that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. In the same proceedings, certain former Fortis directors and top executives requested the Court to acknowledge the alleged Ageas obligation to hold them harmless for the damages resulting from or relating to the legal proceedings initiated against them and resulting from their mandates within the Fortis group. An appeal against the Utrecht Court

judgement was filed with the Arnhem Appeal Court. In appeal, Mr Bos claims damages for alleged miscommunication about (i) Fortis' subprime exposure in 2007/2008, about (ii) Fortis' solvency in January – June 2008, (iii) the remedies required by the European Commission in the context of the ABN AMRO take-over and (iv) Fortis' liquidity and solvency position on 26 September 2008.

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

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

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

1.1.5 *Stichting Fortisclaim*

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

1.2 In Belgium

1.2.1 *Modrikamen*

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

1.2.2 Deminor

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

1.2.3 Other claims on behalf of individual shareholders

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

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

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

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

II Proceedings not covered by the Settlement

2. Administrative procedure in Belgium

The Belgian Financial Services and Markets Authority ('FSMA') initiated an investigation on Fortis' external communication during the second quarter of 2008. On 17 June 2013, the Sanctions Commission decided that in the period May-June 2008 Fortis communicated too late or incorrectly on the remedies required by the European Commission in the context of the ABN AMRO take-over, on its future solvency position upon full integration of ABN AMRO and on the success of the NITSH II offer. Therefore, the Sanctions Commission levied a fine on Ageas of EUR 500,000. On 24 September 2015, the Brussels Appeal Court ruled on the decision of the FSMA Sanctions Commission, and decided to impose a reduced fine of EUR 250,000 on Ageas for misleading statements made on 12 June 2008. Because of procedural reasons, there were a French-speaking procedure and a Dutch-speaking procedure. In each procedure, a decision is taken by the Brussels Appeal Court per 24 September 2015. Ageas filed an appeal against the Court's French decision with the Supreme Court on 24 August 2016. Ageas filed an appeal against the Court's Dutch decision with the Supreme Court on 14 June 2017.

3. Criminal procedure in Belgium

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

4. Other legal proceedings

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

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

4.2 Legal proceedings initiated by RBS

On 1 April 2014, Royal Bank of Scotland (RBS) initiated two legal actions against Ageas and other parties: (i) an action before the Brussels Commercial Court in which RBS claims an amount of EUR 75 million, based on an alleged guarantee given by Fortis in 2007 in the context of a share deal between ABN AMRO Bank (now RBS) and Mellon and (ii) an arbitration procedure before ICC in Paris in which RBS initially claimed a total amount of EUR 135 million, i.e. the alleged EUR 75 million guarantee and EUR 60 million arising from escrow provisions. In March 2016, RBS dropped this latter claim of EUR 60 million. Following the hearings in January 2017 in the ICC arbitration, RBS agreed to withdraw the proceedings before the Brussels Commercial Court.

5. Hold harmless undertakings

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

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

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

6. General observations

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

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

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

23.2 Liabilities for hybrid instruments of former subsidiaries

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

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 3,958,859 Ageas shares for the purpose of the potential exchange.

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

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

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

23.3 Other contingent liabilities

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

Furthermore, certain individual customers of Ageas France, a fully owned subsidiary of Ageas Insurance International, filed claims against Ageas France in connection with its alleged unilateral modification of the terms and conditions of a unit-linked product by

on-charging certain transaction fees. In addition to claiming reimbursement of these fees, plaintiffs also claimed prejudice for lost opportunities for arbitrating between Unit-linked funds and a guaranteed fund using latest known value dates, as well as prohibition for on-charging of the fees. In November 2014 Paris Appeal Court confirmed the first instance decision allowing the claims and appointed experts to determine the scope of indemnification. Following an appeal filed by Ageas France with the French Supreme Court, on 8 September 2016 the French Supreme Court substantially annulled the Paris Appeal Court decision in favour of Ageas France and referred the case to the Versailles Appeal Court.

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Events after the date of the statement of financial position

On 26 July 2017, Ageas announced that it has reached an agreement with BNP Paribas Cardif to sell its share of Cargeas Assicurazioni (CARGEAS), the Italian Non-life operations. The transaction, which is subject to regulatory approval, is expected to close before the end of 2017 and should generate a capital gain of approximately EUR 75 million at closing. Cargeas is included in segment Continental Europe.

There have been no other material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated Interim Financial Statements as at 30 June 2017.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated Interim Financial Statements for the first six months of 2017 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC).

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated Interim Financial Statements of the first six months of 2017 give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained therein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors reviewed the Ageas Consolidated Interim Financial Statements for the first six months of 2017 on 8 August 2017 and authorised their issue.

Brussels, 8 August 2017

Board of Directors

Chairman

Vice-Chairman

Chief Executive Officer

Chief Financial Officer

Chief Risk Officer

Chief Operating Officer

Directors

Jozef De Mey

Guy de Selliers de Moranville

Bart De Smet

Christophe Boizard

Filip Coremans

Antonio Cano

Lionel Perl

Jan Zegering Hadders

Jane Murphy

Lucrezia Reichlin

Richard Jackson

Yvonne Lang Ketterer

Katleen Vandeweyer

Review report

Statutory auditor's report to the Board of Directors of ageas SA/NV on the review of the condensed consolidated interim financial information as at 30 June 2017 and for the six-month period then ended.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ageas SA/NV as at 30 June 2017, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2017 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to note 14 *Provisions* to the condensed consolidated interim financial statements as at 30 June 2017 and for the six-month period then ended, which describes that Ageas has recognized a provision relating to the global settlement related to the Fortis events of 2007 and 2008 of EUR 894 million. The note describes that the settlement will only be final (i) if the Amsterdam Appeal Court has declared the settlement binding and (ii) if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination rights. The note also describes that the court took the interim decision not to declare the settlement binding in its current format on 16 June 2017 and that the petitioners have been offered the opportunity to submit a supplemented and amended agreement to the court by 17 October 2017 at the latest.

Furthermore, without qualifying our conclusion, we draw your attention to note 23 *Contingent liabilities* to the condensed consolidated interim financial statements as at 30 June 2017 and for the six-month period then ended in which it is described that Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium as a result of the events and developments having occurred between May 2007 and October 2008 with respect to the former Fortis group. If these proceedings were to be successful, this could have substantial consequences for Ageas' financial position. Such consequences remain unquantifiable at this stage.

Brussels, 8 August 2017

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

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Réviseur d'Entreprises/
Bedrijfsrevisor

Frans Simonetti
Réviseur d'Entreprises/
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