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Consolidated Interim Financial Statements for the first half-year of 2012

Brussels | Utrecht
6 August 2012

Contents

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

AGEAS at a glance 6M 2012

Shareholders' equity	€ 8,807 million
Total Assets	€ 91,576 million
Gross Inflow[1)]	€ 10,815 million
Net result attributable to shareholders	€ 304.7 million
FUM	€ 72,491 million
Dividend over 2011 per share	€ 0.08
Net result Insurance	€ 302.4 million
Net result General	€ 2.3 million
Solvency ratio Insurance	210.6%
Combined ratio	98.3%
Employees	12,830

1) Gross inflow includes the inflow of Ageas's equity associates. Excluding the equity associates, as reported under IFRS, the inflow amounted to EUR 5,704 million.

	First half-year 2012	First half-year 2011	2011	Variance between first half-year 2011 and 2012
Income Statement				
Gross Inflow	5,704.2	5,913.1	11,237.1	(3.5 %)
Total income	7,405.9	6,302.0	12,004.8	17.5 %
Net result attributable to shareholders	304.7	(58.8)	(578.2)	*
- of which Insurance	302.4	110.9	(313.1)	*
- of which General (incl. Eliminations)	2.3	(169.7)	(265.1)	*
Statement of financial position				
Total assets	91,575.7	99,475.8	90,602.2	(7.9 %)
Funds under management	72,490.9	70,814.5	70,599.6	2.4 %
Shareholders' equity	8,806.9	7,616.7	7,760.3	15.6 %
Non controlling interests	759.2	684.2	607.4	11.0 %
Total equity	9,566.1	8,300.9	8,367.7	15.2 %
Share information (in EUR)				
Basic Earnings per share	0.13	(0.02)	(0.23)	*
Return on equity [1]	(2.6%)	(3.4%)	(7.2%)	(21.4 %)
Other data				
Combined ratio	98.3%	100.1%	101.1%	(1.8 %)
Cost life ratio	0.51%	0.50%	0.51%	0.8 %
Solvency ratio Insurance	210.6%	207.4%	207.0%	1.5 %
Solvency ratio Group	248.5%	273.0%	236.9%	(9.0 %)
Employees	12,830	12,411	12,557	3.4 %

1) *Based on rolling average over 4 quarters.*

Report of the Board of Directors of Ageas

Report of the Board of Directors of Ageas

Developments

Settlement legal proceedings
On 28 June 2012, ageas SA/NV and ageas N.V. ('Ageas'), ABN AMRO Group N.V. and ABN AMRO Bank N.V. ('ABN AMRO') settled the legal proceedings concerning ABN AMRO Capital Finance Ltd. (former Fortis Capital Company Ltd. 'FCC') and the Mandatory Convertible Securities ('MCS').

This settlement also brings to a close all outstanding disputes between the Dutch State and Ageas in relation to the equity transactions which resulted in the take-over of the Dutch activities of the former Fortis group by the Dutch State on 3 October 2008. NL Financial Investments, the majority shareholder of ABN AMRO, co-signed this agreement on behalf of the Dutch State. The settlement resulted in a one-off cash payment by ABN AMRO to Ageas of EUR 400 million on 29 June 2012.

The amount of original claims of EUR 2,362 million has, after deduction of the settlement amount of EUR 400 million, been booked in the Consolidated Income Statement as impairment. This impairment is offset by the release of the provisions related to disputes with the Dutch state of EUR 2,362 million (see note 20), resulting in a EUR 400 million net profit.

Settlement RPN(I)
On 7 February 2012, Ageas and BNP Paribas announced an agreement on the settlement of the RPN(I) and the Tier 1 instrument. The agreement entailed a call of the Tier 1 instrument (issued by Fortis Bank and for 95% held by Ageas) and a (partial) settlement of the RPN(I) liability. The settlement of the RPN/RPN(I) was realised by a cash tender offer on the CASHES by BNP Paribas and a subsequent conversion of the CASHES into Ageas's shares. Ageas agreed to pay BNP Paribas an indemnification related to the CASHES transaction. The agreement was subject to an acceptance rate of at least 50% on a cash tender offer on the CASHES issued by BNP Paribas.

Since the cash tender offer reached an acceptance rate of 63%, both parties have effectively executed the agreement with a total negative result impact for Ageas of EUR 132 million in the first quarter. This amount can be broken down in the following components:

- BNP Paribas called the Tier 1 instrument. As a result Ageas received on 26 March 2012 an amount of EUR 953 million. Since the value received by Ageas exceeded the book value as at that date, a non-recurring capital gain of EUR 129 million has been recorded (including interest of EUR 9 million, amortisation of a discount of EUR 30 million and after tax), the net impact in the first three months amounts to EUR 140 million.
- In addition, Ageas paid BNP Paribas an indemnification for the partial settlement of the RPN/RPN(I) amounting to EUR 287 million at conversion on 26 March 2012. Furthermore, Ageas paid EUR 12 million due to costs related to the transaction, including the best estimate of the fair value of the annual indemnification (based on the assumption that the remaining CASHES will be exchanged within 2 years). As a result, the total indemnification amounted to EUR 299 million.

As the cash tender offer on the CASHES financial instrument reached an acceptance rate of 63%, approximately 37% of the CASHES remained outstanding. Therefore, the RPN(I) liability has been reduced, but remains in the accounts. The agreement with BNP Paribas on the settlement of the CASHES matures in 2014. Ageas reviewed the level 3 valuation of the RPN(I) and decided to include a floor in the valuation of the remaining RPN(I), corresponding to the indemnification agreed. The RPN(I) will be valued at the higher of the net discounted value of the expected interest payments and this floor. The amount of this floor depends on the expected purchase price of the CASHES and the price of the Ageas share at that moment. At 30 June 2012 the RPN(I) is valued at the value of the floor of EUR 174 million, thus resulting in a gain of EUR 16 million (i.e. the difference between the EUR 174 million floor and the RPN(I) value of EUR 190 million at the end of 2011).

Approval for simplification of legal structure
Ageas received strong shareholders' support to simplify its legal structure on 28 and 29 June 2012. On 3 August, the Board formally acknowledged the fulfilment of the two conditions precedent to which the simplification was subject, and thereby completed the last step before implementation of the merger, the reverse stock split and the reverse VVPR strip split. The Board has now requested the notary to acknowledge the completion of the merger of the two holding companies and the reverse splits on 6 August, after market hours. The simplification is scheduled to be effective at midnight.

Results for the first half-year of 2012

The Group net profit for the first half amounted to EUR 304.7 million compared to a net loss of EUR 58.8 million last year. The net profit of the General account was EUR 2.3 million: the positive impact of EUR 400 million in the second quarter related to the agreement with ABN AMRO and the Dutch State on the outstanding legal proceedings and a EUR 75 million positive result from the valuation of Royal Park Investments was largely offset by a charge related to the settlement with BNP Paribas in the first quarter and the lower value of the call option on BNP Paribas shares.

Total shareholders' equity increased by 14% compared to the end of 2011 and amounted to EUR 8.8 billion or EUR 3.69 per share, driven mainly by higher unrealized gains on the fixed income portfolio and the half year net profit partly offset by the dividends paid out over 2011 of EUR 0.2 billion. The Insurance and Group solvency ratios increased to 210.6% and 248.5% respectively, with available capital EUR 5.6 billion above the minimum capital requirements.

Insurance

The net Insurance profit amounted to EUR 302.5 million compared to EUR 110.9 million, an improvement across all segments. Both Life and Non-Life performed better with a net profit of EUR 205.4 million and EUR 89.5 million respectively, thanks to prior year releases and better underwriting in Non-Life, especially in the UK, and good Life results in Asia.

The Life activities contributed EUR 205.4 million to the net profit, compared to EUR 51.5 million last year, the latter including EUR 143 million net impairment charges related to Greek sovereign bonds. The improvement was mainly driven by the strong results in Asia across all countries just partly offset by slightly lower results in Belgium. The net result in Continental Europe corrected for the Greek impairments remained stable and was helped by strong results in Portugal taking into account the challenging market environment.

The Non-Life operations reported a net profit of EUR 89.5 million, compared to EUR 48.1 million (+86%), the latter including a net impairment charge of EUR 7 million related to Greek sovereign bonds. The performance improved across all segments driven by higher prior year releases and better underwriting. The increased net result mainly originates from the UK operations where the net result increased from EUR 20 million to EUR 43 million. Continuing improvement in Motor together with net realized capital gains more than offset marginally higher weather related claims in Household. In Belgium, the Motor division also confirmed its good operational performance while Fire and Workmen's Compensation also performed better than last year. The Continental European and Asian Non-Life activities increased their total contribution to net profit to some EUR 14 million, up 10%, driven by strong operating results in all activities.

The Group combined ratio improved and ended below 100% at 98.3% compared to 100.1% last year as a result of improved risk pricing and subsequently a better claims ratio, particularly in Motor. In Belgium, the combined ratio amounted to 99.8% (vs.100.0%). In the UK the combined ratio reached a level of 98.8% (vs.101.2%). In Continental Europe, the combined ratio improved further to 88.5% on a consolidated basis. Prior year releases increased slightly to 4.8% (vs. 4.2%) and a strong current year's claims ratio at 72.5%.

As of the first quarter of 2012, Ageas reviewed the calculation methodology of the combined ratios and decided to bring the calculation more in line with market practice for Non-Life products with discounted insurance liabilities in Disability and Workmen's Compensation and especially impacting the Belgian segment.

The UK's Other Insurance segment which includes the Retail operations - RIAS, Kwik Fit Financial Services (KFFS), Ageas Insurance Solutions (UKAIS) and Castle Cover – reported total fee and commission income of EUR 139 million, in line with last year.

Net profit reduced from EUR 11.3 million to EUR 7.5 million. This reflects the fact that last year's result was boosted by an incentive payment from a commercial partner and that the Retail operations continue to trade in a highly competitive environment linked to general tough economic conditions.

General Account

The General Account recorded a net profit of EUR 2.3 million in the first half year. The main drivers of the net half year result are the positive impact of EUR 400 million related to the settlement of the legal proceedings with ABN AMRO and the Dutch State, the positive result of EUR 75 million related to Royal Park Investments partly offset by the negative impact of EUR 132 million related to the settlement with BNP Paribas and Fortis Bank on the RPN(I) and Tier 1 Instrument and a charge of EUR 278 million related to the lower value of the call option on the BNP Paribas shares.

Following the partial settlement with BNP Paribas of the RPN(I) liability and the Tier 1 Instrument in the first quarter, the remaining RPN(I) liability is recorded at a floor value of EUR 174 million, an increase of EUR 11 million compared to the end of the first quarter due to the evolution of the Ageas's share price. The value of the call option on the BNP Paribas shares as at 30 June declined to EUR 117 million, mainly reflecting the negative impact of a decreased volatility from 49% at the end of 2011 to 33% at the end of June 2012.

The contribution of Royal Park Investments (RPI) to the result of Ageas, including impairment of goodwill, amounted to EUR 75 million, compared to EUR 57 million, mainly thanks to lower impairment on goodwill. The value of the equity associate, including fair value movements of hedge reserves, increased from EUR 779 million at the end of 2011 to EUR 856 million as at 30 June 2012.

Net interest income amounted to EUR 29 million compared to EUR 6 million negative last year and included the amortisation of the discount and interest received on the Tier 1 Instrument amounting to EUR 39 million. Total staff and other expenses declined to EUR 23 million.

Solvency

Ageas's total available capital amounted to EUR 9.4 billion vs. EUR 8.6 billion at the end of 2011, exceeding the total consolidated regulatory minimum requirements of the insurance activities by EUR 5.6 billion, including the available capital within the General Account (EUR 1.4 billion). The increase of the excess capital by EUR 0.7 billion is mainly driven by net profit and the positive currency impact. The total available capital of the insurance activities amounted to EUR 7.9 billion, with minimum solvency requirements slightly up to EUR 3.8 billion. The Insurance solvency ratio as a result increased to 211%. The solvency ratios by segments remained strong amounting to 177% for Belgium, 243% for the United Kingdom, 212% for Continental Europe and 283% for Asia.

Net cash position General Account

The net cash position in the General Account as at 30 June 2012, assuming full redemption of the European Medium Term Notes (EMTN) programme including short term deposits entrusted to banks, amounted to EUR 1.5 billion, compared to EUR 0.7 billion at the end of 2011. The increase reflects the net positive impact of the settlement with BNP Paribas on the RPN(I) and the Tier 1 Instrument (EUR 0.7 billion) early March 2012, the settlement with ABN AMRO and the Dutch State (EUR 0.4 billion) end of June 2012, partly offset by the payment of the 2011 annual dividend (EUR 0.2 billion).

Contingent liabilities

Please refer to Note 29 for the entire section of Contingent liabilities.

Dividend

Ageas's Board proposed for approval by the shareholders a gross cash dividend of 8 eurocent per share for 2011. This proposal was approved by the annual general shareholders' meetings of 25 and 26 April 2012. The dividend is payable as from 31 May 2012.

Outlook

Based on our performance in the first half year, we are confident in re-confirming our expected outlook for the inflow levels of 2012 to exceed 2011.

Brussels/Utrecht, 3 August 2012

Board of Directors

Consolidated Interim Financial Statements for the first half-year of 2012

Consolidated statement of financial position

(before appropriation of profit)

	Note	30 June 2012	31 December 2011
Assets			
Cash and cash equivalents	*5*	2,699.0	2,701.5
Financial investments	*6*	59,046.0	55,231.4
Investment property	*6*	2,194.1	2,045.7
Loans	*7*	5,231.5	5,683.4
Investments related to unit-linked contracts		12,860.6	12,771.4
Investments in associates		2,120.8	1,959.5
Reinsurance and other receivables	*9*	1,940.4	4,111.1
Current tax assets		125.9	127.1
Deferred tax assets	*18*	159.1	358.8
Call option BNP Paribas shares	*10*	117.0	395.0
Accrued interest and other assets		2,381.1	2,386.2
Property, plant and equipment		1,109.4	1,098.3
Goodwill and other intangible assets		1,590.8	1,594.3
Assets held for sale	*2*		138.5
Total assets		**91,575.7**	**90,602.2**
Liabilities			
Liabilities arising from life insurance contracts	*11*	25,028.5	24,370.4
Liabilities arising from life investment contracts	*12*	27,900.1	27,201.5
Liabilities related to unit-linked contracts	*13*	12,917.5	12,823.8
Liabilities arising from non-life insurance contracts	*14*	6,644.8	6,203.9
Debt certificates	*15*	213.8	256.7
Subordinated liabilities	*16*	2,972.2	2,973.6
Borrowings	*17*	2,009.6	2,277.0
Current tax liabilities		143.7	59.2
Deferred tax liabilities	*18*	940.3	614.6
RPN(I)	*19*	174.0	190.0
Accrued interest and other liabilities		2,289.4	2,094.1
Provisions	*20*	39.7	2,403.4
Liability related to written put option on NCI	*21*	736.0	655.8
Liabilities related to assets held for sale	*2*		110.5
Total liabilities		**82,009.6**	**82,234.5**
Shareholders' equity	*3*	8,806.9	7,760.3
Non-controlling interests		759.2	607.4
Total equity		**9,566.1**	**8,367.7**
Total liabilities and equity		**91,575.7**	**90,602.2**

Consolidated income statement

	Note	First half-year 2012	First half-year 2011	Second quarter 2012	Second quarter 2011	First quarter 2012
Income						
- *Gross premium income* [1]		*5,231.4*	*4,850.4*	*2,587.7*	*2,233.4*	*2,643.7*
- *Change in unearned premiums*		*(140.5)*	*(395.1)*	*(1.4)*	*(128.0)*	*(139.1)*
- *Ceded earned premiums*		*(161.8)*	*(141.7)*	*(72.7)*	*(61.5)*	*(89.1)*
Net earned premiums	*22*	4,929.1	4,313.6	2,513.6	2,043.9	2,415.5
Interest, dividend and other investment income	*23*	1,538.1	1,536.6	758.7	786.0	779.4
Unrealised gain (loss) on Call option BNP Paribas shares		(278.0)	85.0	(87.0)	83.0	(191.0)
Unrealised gain (loss) on RPN(I) (incl. settlement on RPN(I)/CASHES)		(282.1)	(118.0)	(11.4)	139.0	(270.7)
Result on sales and revaluations	*24*	271.4	88.3	48.4	27.7	223.0
Investment income related to unit-linked contracts		769.7	72.1	(11.0)	(46.5)	780.7
Share of result of associates		140.8	(8.1)	(6.5)	(24.1)	147.3
Fee and commission income		197.7	220.9	93.8	107.3	103.9
Other income		119.2	111.6	64.5	61.3	54.7
Total income		**7,405.9**	**6,302.0**	**3,363.1**	**3,177.6**	**4,042.8**
Expenses						
- *Insurance claims and benefits, gross*		*(4,840.0)*	*(4,359.4)*	*(2,397.2)*	*(2,004.4)*	*(2,442.8)*
- *Insurance claims and benefits, ceded*		*64.5*	*72.7*	*29.3*	*22.6*	*35.2*
Insurance claims and benefits, net	*25*	(4,775.5)	(4,286.7)	(2,367.9)	(1,981.8)	(2,407.6)
Charges related to unit-linked contracts		(756.9)	(66.7)	14.8	50.5	(771.7)
Finance costs	*26*	(130.6)	(156.4)	(62.1)	(77.6)	(68.5)
Change in impairments	*27*	(80.0)	(362.9)	(60.4)	(356.7)	(19.6)
Change in provisions	*20*	0.9	(40.2)	1.8	(40.6)	(0.9)
- *Impairment claims on ABN AMRO*		(1,962.5)		(1,962.5)		
- *Release provision MCS conversion and Dutch State issues*		2,362.5		2,362.5		
Total impact settlement ABN AMRO	*9*	400.0		400.0		
Fee and commission expenses		(627.8)	(592.8)	(319.7)	(290.1)	(308.1)
Staff expenses		(393.1)	(366.1)	(198.0)	(186.1)	(195.1)
Other expenses		(437.9)	(414.6)	(237.0)	(222.3)	(200.9)
Total expenses		**(6,800.9)**	**(6,286.4)**	**(2,828.5)**	**(3,104.7)**	**(3,972.4)**
Result before taxation		**605.0**	**15.6**	**534.6**	**72.9**	**70.4**
Tax income (expenses)		(206.4)	(48.1)	(99.9)	3.5	(106.5)
Net result for the period		**398.6**	**(32.5)**	**434.7**	**76.4**	**(36.1)**
Attributable to non-controlling interests		93.9	26.3	46.2	(18.4)	47.7
Net result attributable to shareholders		**304.7**	**(58.8)**	**388.5**	**94.8**	**(83.8)**
Per share data (EUR)						
Basic earnings per share	*3*	0.13	(0.02)			
Diluted earnings per share	*3*	0.13	(0.02)			

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

	Note	First half-year 2012	First half-year 2011	Second quarter 2012	Second quarter 2011	First quarter 2012
Gross premium income		5,231.4	4,850.4	2,587.7	2,233.4	2,643.7
Inflow deposit accounting (directly recognised as liability)		472.8	1,062.7	295.8	513.7	177.0
Gross inflow	*22*	**5,704.2**	**5,913.1**	**2,883.5**	**2,747.1**	**2,820.7**

Consolidated statement of comprehensive income

	First half-year 2012	First half-year 2011	Second quarter 2012	Second quarter 2011	First quarter 2012
Net result for the period	**398.6**	**(32.5)**	**434.7**	**76.4**	**(36.1)**
Other comprehensive income					
Changes in revaluation of investments					
Reclass revaluation investments available for sale to held to maturity, gross		*175.0*		*175.0*	
Related tax		*(43.8)*		*(43.8)*	
Reclass revaluation investments available for sale to held to maturity, net		*131.2*		*131.2*	
Change in amortisation of investments held to maturity, gross	*14.0*	*1.7*	*7.2*	*1.7*	*6.8*
Related tax	*(3.5)*	*(0.4)*	*(1.8)*	*(0.4)*	*(1.7)*
Change in investments held to maturity, net	10.5	**132.5**	5.4	**132.5**	5.1
Change in revaluation of investments available for sale, gross [1)]	*1,390.5*	*(720.2)*	*278.0*	*331.5*	*1,112.5*
Related tax	*(445.1)*	*189.6*	*(84.3)*	*(150.6)*	*(360.8)*
Reclass revaluation investments available for sale to held to maturity, gross		*(175.0)*		*(175.0)*	
Related tax		*43.8*		*43.8*	
Reclass revaluation investments available for sale to held to maturity, net		*(131.2)*		*(131.2)*	
Change in revaluation of investments available for sale, net	945.4	(661.8)	193.7	49.7	751.7
Share of other comprehensive income of associates, gross	*9.1*	*(0.6)*	*36.5*	*29.0*	*(27.4)*
Related tax					
Share of other comprehensive income of associates, net	9.1	(0.6)	36.5	29.0	(27.4)
Change in revaluation of investments, gross	*1,413.6*	*(719.1)*	*321.7*	*362.2*	*1,091.9*
Related tax	*(448.6)*	*189.2*	*(86.1)*	*(151.0)*	*(362.5)*
Change in revaluation of investments, net	**965.0**	**(529.9)**	**235.6**	**211.2**	**729.4**
Change in foreign exchange differences, gross	*105.4*	*(157.7)*	*133.6*	*(48.4)*	*(28.2)*
Related tax	*(0.8)*	*0.5*	*(0.8)*	*0.4*	
Change in foreign exchange differences, net	**104.6**	**(157.2)**	**132.8**	**(48.0)**	**(28.2)**
Other comprehensive income for the period	**1,069.6**	**(687.1)**	**368.4**	**163.2**	**701.2**
Total comprehensive income for the period	**1,468.2**	**(719.6)**	**803.1**	**239.6**	**665.1**
Net result attributable to non-controlling interests	*93.9*	*26.3*	*46.2*	*(18.4)*	*47.7*
Other comprehensive income attributable to non-controlling interests	*273.2*	*(175.3)*	*43.6*	*24.7*	*229.6*
Total comprehensive income attributable to non-controlling interests	**367.1**	**(149.0)**	**89.8**	**6.3**	**277.3**
Total comprehensive income attributable to shareholders	**1,101.1**	**(570.6)**	**713.3**	**233.3**	**387.8**

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

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2011	**2,203.6**	**14,394.7**	**(8,702.8)**	**81.9**	**223.1**	**221.2**	**8,421.7**	**744.3**	**9,166.0**
Net result for the period					(58.8)		(58.8)	26.3	(32.5)
Revaluation of investments						(358.0)	(358.0)	(171.9)	(529.9)
Foreign exchange differences				(153.8)			(153.8)	(3.4)	(157.2)
Total non-owner changes in equity				*(153.8)*	*(58.8)*	*(358.0)*	*(570.6)*	*(149.0)*	*(719.6)*
Transfer			223.1		(223.1)				
Dividend			(196.5)				(196.5)	(45.3)	(241.8)
Share based compensation		2.2					2.2		2.2
Impact written put option on NCI			(35.1)				(35.1)	134.8	99.7
Other changes in equity			(5.0)				(5.0)	(0.6)	(5.6)
Balance at 30 June 2011	**2,203.6**	**14,396.9**	**(8,716.3)**	**(71.9)**	**(58.8)**	**(136.8)**	**7,616.7**	**684.2**	**8,300.9**
Balance at 1 January 2012	**2,203.6**	**2,105.0**	**3,354.3**	**163.4**	**(578.2)**	**512.2**	**7,760.3**	**607.4**	**8,367.7**
Net result for the period					304.7		304.7	93.9	398.6
Revaluation of investments						696.2	696.2	268.8	965.0
Foreign exchange differences				100.2			100.2	4.4	104.6
Total non-owner changes in equity				*100.2*	*304.7*	*696.2*	*1,101.1*	*367.1*	*1,468.2*
Transfer			(578.2)		578.2				
Dividend			(187.6)				(187.6)	(4.5)	(192.1)
Treasury shares			(23.0)				(23.0)		(23.0)
Cancellation of shares	(161.4)	(44.5)	205.9						
Share based compensation		0.9					0.9		0.9
Impact written put option on NCI			150.5				150.5	(230.7)	(80.2)
Other changes in equity			4.7				4.7	19.9 1)	24.6
Balance at 30 June 2012	**2,042.2**	**2,061.4**	**2,926.6**	**263.6**	**304.7**	**1,208.4**	**8,806.9**	**759.2**	**9,566.1**

1) *The amount of EUR 19.9 million in the line Other changes in equity (column Non-controlling interests) relates to capital injections in equity associates.*

Consolidated cash flow statement

	Note	First half-year 2012	First half-year 2011
Result before taxation		**605.0**	**15.6**
Adjustments to non-cash items included in result before taxation:			
Call option BNP Paribas shares	10	278.0	(85.0)
RPN(I)	19	16.0	118.0
Result on sales and revaluations		(271.4)	(87.0)
Share of results in associates		(140.8)	8.1
Depreciation, amortisation and accretion		391.2	321.9
Impairments	27	80.1	363.0
Provisions	20	(1.0)	40.2
Share-based compensation expense		1.0	2.2
Changes in operating assets and liabilities:			
Derivatives held for trading (assets and liabilities)	6	(25.7)	(35.2)
Loans	7	452.2	(1,446.0)
Reinsurance and other receivables	9	1,809.4	(423.8)
Investments related to unit-linked contracts		(75.5)	142.5
Borrowings	17	(319.8)	178.3
Liabilities arising from insurance and investment contracts		1,552.1	1,034.4
Liabilities related to unit-linked contracts	13	178.9	(130.8)
Net changes in all other operational assets and liabilities		(2,243.9)	24.4
Dividend received from associates		11.2	7.6
Income tax paid		(54.3)	(59.9)
Cash flow from operating activities		**2,242.7**	**(11.5)**
Purchases of financial investments	6	(9,468.7)	(5,898.4)
Proceeds from sales and redemptions of financial investments		7,644.7	5,346.2
Purchases of investment property	6	(169.9)	(89.6)
Proceeds from sales of investment property		27.8	
Purchases of property, plant and equipment	6	(42.9)	(45.1)
Proceeds from sales of property, plant and equipment		0.2	0.7
Acquisition of subsidiaries and associates	2	(28.4)	(112.4)
Divestments of subsidiaries and associates (including cash in assets held for sale)	2	46.7	(135.8)
Purchases of intangible assets		(8.5)	(16.4)
Proceeds from sales of intangible assets		0.2	
Cash flow from investing activities		**(1,998.8)**	**(950.8)**
Redemption of debt certificates	15	(44.2)	(207.1)
Proceeds from the issuance of subordinated liabilities	16	7.9	
Redemption of subordinated liabilities		(26.1)	
Proceeds from the issuance of other borrowings	17	33.9	2.2
Payment of other borrowings		(4.1)	(20.7)
Purchases of treasury shares	3	(23.0)	
Dividends paid to shareholders of the parent companies		(196.7)	(196.5)
Dividends paid to non-controlling interests		(4.5)	(45.3)
Cash flow from financing activities		**(256.8)**	**(467.4)**
Effect of exchange rate differences on cash and cash equivalents		**10.4**	**(23.6)**
Net increase (decrease) of cash and cash equivalents		**(2.5)**	**(1,453.3)**
Cash and cash equivalents as at 1 January	5	**2,701.5**	**3,258.3**
Cash and cash equivalents as at 30 June	5	**2,699.0**	**1,805.0**
Supplementary disclosure of operating cash flow information			
Interest received	23	1,515.2	1,345.6
Dividend received from financial investments	23	45.7	48.9
Interest paid	26	(180.6)	(207.2)

General Notes

1 Summary accounting policies and principles of consolidation

The Consolidated Interim Financial Statements for the first half-year of 2012 comply with International Financial Reporting Standards (IFRSs) as at 1 January 2012, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

1.1 Basis of accounting

The Ageas Consolidated Interim Financial Statements for the first half-year of 2012, including the 2011 comparative figures, have been prepared in accordance with IAS 34 Interim Financial Reporting and include condensed consolidated financial statements (statement of financial position, income statement, statement of changes in equity, cash flow statement), consolidated statement of comprehensive income and selected explanatory notes. Ageas applies International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The Ageas Consolidated Interim Financial Statements for the first half-year of 2012 should be read in conjunction with the audited Ageas Consolidated Financial Statements 2011 (including the accounting policies) which are available at: http://www.ageas.com/.

1.2 Changes in accounting policies

The accounting policies used to prepare the Consolidated Interim Financial Statements for the first half-year of 2012 are consistent with those applied in the Ageas Consolidated Financial Statements for the year ended 31 December 2011.

For 2012 the only relevant change compared to 2011 is the endorsed amendment to IFRS 7 Financial Instruments: Disclosures 'Transfers of Financial Asset'. This amendment was issued 7 October 2010 and is effective for annual periods beginning on/after 1 July 2011.

The amendments prescribe that an entity shall disclose information that enables users of its financial statements:

a) to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and
b) to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets.

- *Transferred financial assets that are not (fully) derecognised in their entirety.*

Required disclosures include description of the nature of the transferred assets, nature of risk and rewards as well as description of the nature and quantitative disclosure depicting relationship between transferred financial assets and the associated liabilities.

- *Transferred financial assets that are derecognised in their entirety, but with continuing involvement.*

Required disclosures include the carrying amount of the assets and liabilities recognised, fair value of the assets and liabilities that represent continuing involvement, maximum exposure to loss from the continuing involvement as well as maturity analysis of the undiscounted cash flows to repurchase the derecognised financial assets. Additional disclosures are required for any gain or loss recognised at the date of transfer of the assets, income or expenses recognise from the entity's continuing involvement in the derecognised financial assets as well as details of uneven distribution of proceeds from transfer activity throughout the reporting period.

1.3 Accounting estimates

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

The key measurement estimates at the reporting date are shown in the next table:

30 June 2012	
Assets	**Estimation uncertainty**
Available for sale securities	
- Corporate debt securities	
- Financial instruments	
- Level 2	- The valuation model - Inactive markets
- Level 3	- The valuation model - Use of not market observable input - Inactive markets
Investment property	Determination of the useful life and residual value
Loans	- The valuation model - The maturity
Associates	A mix of uncertainties depending on the asset mix
Goodwill	- The valuation model - Financial and economic variables - Discount rate
Other intangible assets	- The inherent risk premium of the entity - Determination of the useful life and residual value
Deferred tax assets	- Interpretation of complex tax regulations - Amount and timing of future taxable income
Liabilities	
Liabilities for Insurance contracts	
- Life	- Actuarial assumptions - Interest rate used in liability adequacy test
- Non-life	- Liabilities for (incurred but not reported) claims - Claim adjustment expenses
Pension obligations	- Actuarial assumptions - Discount rate
Provisions	- The likelihood of a present obligation due to events in the past - The calculation of the best estimated amount
Deferred tax liabilities	- Interpretation of complex tax regulations
Written put option on NCI	- Estimated future fair value - Discount rate

1.4 Segment reporting

The format for reporting segment information is based on operating segments. Ageas's reportable operating segments are based on geographical regions. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics.

Ageas is organised into five operating segments:

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

Ageas decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, meaning Belgium, United Kingdom, Continental Europe and Asia.

Activities not related to Insurance and elimination differences are reported separately from the Insurance activities in the fifth operating segment: General Account. The General Account comprises activities not related to the core Insurance business, such as group finance and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the call option on BNP Paribas shares, the liabilities related to CASHES (RPN(I)), the written put option on NCI, Intreinco N.V. and the claims and litigations related to events from the past.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

1.5 Consolidation principles

The Consolidated Interim Financial Statements for the first half-year of 2012 include ageas SA/NV and ageas N.V. (the 'Parent Companies') and their subsidiaries. In combining the financial statements of ageas SA/NV and ageas N.V., Ageas applies consortium accounting in order to reflect its activities in the most reliable manner in accordance with the EU 7th Directive, dated 13 June 1983 (83/349/EEC).

Investments in associates – investments whereby Ageas has significant influence, but does not control – are accounted for using the equity method.

2 Acquisitions and disposals

The following significant acquisitions and disposals were made in 2012 and 2011. Details on acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in the Note Events after the date of the statement of financial position.

2.1 Acquisitions in 2012

On 21 November 2011, Ageas and Sabanci agreed to jointly increase their shares in Aksigorta (see also under 2.3.1), whereby both shares will increase to a maximum of 36%, to further strengthen the partnership between the two groups. As at 30 June, both entities have increased their share in Aksigorta to 35.9%. Ageas spent in 2012 EUR 6.0 million (in total as of the last quarter of 2011 EUR 10.2 million) on the additional acquisition.

In addition, AG Insurance acquired some real estate companies for an amount of EUR 24 million. There was no goodwill involved for these acquisitions.

2.2 Disposals in 2012

Ageas signed in 2011 an agreement with Augur Capital for the sale of its German Life activities. The transaction was closed in the first quarter of 2012 and resulted in a capital loss for Ageas amounting to EUR 14.5 million. This loss was already accounted for in the General Account at year-end 2011 (included in the line Result on sales and revaluations).

2.3 Acquisitions in 2011

2.3.1 Aksigorta A.Ş.

Ageas closed in July 2011 a deal with Hacı Ömer Sabancı Holding A.Ş. (Sabanci), Turkey's leading industrial and financial conglomerate, to acquire a 31% stake in Aksigorta A.Ş. (Aksigorta), a Non-life company, through the sale by Sabanci of half of its stake in the company. Following the transaction, Sabanci and Ageas have equal shareholdings in Aksigorta. The remaining shares (38%) were continued to be traded on the Istanbul Stock Exchange. As part of this transaction, Ageas paid Sabanci a total consideration of USD 220 million (EUR 154 million) in cash upon completion.

The transaction was closed on 27 July 2011 and consequently Aksigorta is included as an equity associate in the consolidated scope as of this date.

2.3.2 Castle Cover Limited

In March 2011, Ageas acquired Castle Cover Limited for a consideration of GBP 52.4 million (EUR 59.9 million). Castle Cover is a UK based intermediary specialising in the over 50's insurance sector. The goodwill amounts to EUR 54.5 million while the intangible assets amount to EUR 8.7 million. Castle Cover is included in the consolidation scope as of the first three months of 2011.

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

Assets		Liabilities	
Cash & cash equivalents	7	Borrowings	1
Receivables	11	Current and deferred tax liabilities	3
Property, plant and equipment	1	Accrued interest and other liabilities	19
Deferred charges and other assets	1		
Goodwill and intangible assets	63		
		Total liabilities	**23**
		Cost Price	60
Total Assets	**83**	**Total liabilities and cost price**	**83**

Founded in 2006 and located in Poole Dorset, close to Ageas UK's operation centre in Bournemouth, Castle Cover Limited is the third largest specialised over 50 years of age broker, providing home, car and other personal products through its Castle Cover and Regal Insurance brands. The company serves more than 280,000 policyholders and employs around 300 staff in the UK. It is based on a similar business model to RIAS, an Ageas UK subsidiary, which is currently the second largest intermediary in the over 50 years of age sector. Together with RIAS, Ageas will serve 1.3 million customers in this attractive market segment, currently accounting for 38% of the UK population and presenting above average growth rates and relatively high retention rates.

The acquisition of Castle Cover further consolidates Ageas as the fourth largest personal lines intermediary distributor in the UK. Castle Cover generated in the first half-year of 2012 a net loss of EUR 1.3 million (2011: EUR (0.2) million), including amortisation of intangible assets of EUR 1.5 million (2011: EUR 1.6 million).

2.3.3 Acquisitions AG Real Estate

AG Real Estate, a part of the Belgium activities dedicated to the real estate and parking business, has concluded some acquisitions in 2011. The largest ones are Westland (acquired for 46% for an amount of EUR 31.5 million) and Regatta (acquired for 50% for an amount of EUR 8.4 million).

2.3.4 Merger of Fortis Lux Vie with Cardif Lux International

Ageas Insurance International and BGL BNP Paribas (BGL BNPP), which each held 50% of the shares in Fortis Luxembourg Vie, agreed in 2011 with BNP Paribas Cardif, parent company of Cardif Lux International, to merge their activities. This agreement allows the newly merged entity to distribute Life and protection insurance products in the Luxembourg market and to high net worth clients outside Luxembourg under the Freedom of Services (FOS) regime. Shareholdings in this entity are divided as follows: Ageas 33.33%, BGL BNP Paribas 33.33% and BNP Paribas Cardif 33.34%.
The newly merged entity will do business under the Cardif Lux Vie brand name.

The merger was accounted for as a sale of Fortis Lux Vie due to the loss of control. At the same time, the merged entity was recognised as an equity associate for EUR 70 million as Ageas holds 33.33 percent in this entity (see also 2.4.1).

2.4 Disposals in 2011

2.4.1 Fortis Luxembourg Vie

Ageas Insurance International and BGL BNP Paribas (BGL BNPP), which each held 50% each of the shares in Fortis Luxembourg Vie, signed in 2011 an agreement with BNP Paribas Cardif, parent company of Cardif Lux International to merge their activities.

The merger was completed at 30 December 2011 and resulted in a capital gain of EUR 29.3 million which was accounted for in the General Account in 2011 (included in the line Result on sales and revaluations).

3 Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2011	**2,623,381**	**(40,508)**	**2,582,872**
Balance (acquired)/sold		(176,582)	(176,582)
Number of shares as at 31 December 2011	**2,623,381**	**(217,091)**	**2,406,290**
Balance (acquired)/sold		(17,561)	(17,561)
Cancelled shares	(192,168)	192,168	
Number of shares as at 30 June 2012	**2,431,213**	**(42,484)**	**2,388,729**

Shares issued and potential number of shares

In addition to the shares already outstanding, Ageas issued options or instruments containing option features which could, upon exercise, lead to an increase in the number of outstanding shares. 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 29 Contingent liabilities). The table below gives an overview of the shares issued and the potential number of shares as at 30 June 2012.

in thousands	
Number of shares as at 30 June 2012	**2,431,213**
Shares that may be issued:	
- in connection with option plans	23,646
Total potential number of shares as at 30 June 2012	**2,454,859**

The Board of Directors of Ageas and the Boards of its direct subsidiaries are authorised to acquire Ageas units representing up to a maximum of 10% of the issued share capital, for a consideration equivalent to the closing price of the Ageas unit on Euronext on the day immediately preceding the acquisition, plus a maximum of 15% or minus a maximum of 15%.

Treasury shares

The total number of treasury shares (42.5 million) consist mainly of shares held for the Fresh (39.7 million) and the restricted share programme (2.2 million).

Ageas announced in August 2011, based on the shareholders' authorisation, to initiate a share buy-back programme of its outstanding common stock for a maximum amount of up to EUR 250 million. The buy-back programme was launched as of 24 August 2011 for a period ending 23 February 2012. This programme is implemented in accordance with industry best practices and in compliance with the applicable buyback rules and regulations. To this end, Ageas mandated an independent broker to execute the programme through open market purchases on its behalf on NYSE Euronext. Ageas completed the buy back on 25 January 2012, a total of 192,168,091 shares were purchased for EUR 250 million, representing 7.3% of the shares outstanding. The General meetings of Shareholders of April 2012 approved the cancellation of the shares bought back. The cancellation took effectively place on 29 June 2012.

The number of shares issued includes shares that were issued related to the convertible instrument FRESH (39,7 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux. One of the features of this instrument is that it can only be redeemed through conversion of the instrument into 39,7 million Ageas shares. Ageasfinlux has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of shares outstanding of Ageas). However, Ageasfinlux and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged for the FRESH. As Ageasfinlux is a subsidiary of Ageas, the shares related to the FRESH are treated as treasury shares and eliminated against shareholders' equity (see also Note 16 Subordinated liabilities).

In 2011 and 2012, Ageas created a restricted share programme for its senior management. Dependent on the relative performance of the Ageas share in relation to a peer group over three years and some additional conditions, the senior managers will be awarded, in total, between zero and 1.6 million existing Ageas shares for free on 1 April 2014 (plan 2011) and between zero and 0.6 million existing Ageas shares for free on 1 April 2015. In addition to these plans, the members of the Management Committee have been committed to grant 87,000 shares as Long Term Incentive. Ageas decided to hedge these commitments by purchasing the maximum number of shares expected to be awarded under the plans.

CASHES and Settlement with Fortis Bank SA/NV and BNP Paribas

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 of the instrument into 125,313,283 Ageas shares.

Fortis Bank acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of shares outstanding of Ageas).

On 7 February 2012, Ageas and BNP Paribas reached an agreement on a partial settlement of the RPN/RPN(I) (see Note 19) and the full call of the Tier 1 instrument, issued by Fortis Bank SA/NV and for 95% held by Ageas (see Note 7). The settlement and call were both subject to the successful cash tender by BNP Paribas on the CASHES financial instrument. On 6 February 2012, BNP Paribas converted 7,553 of the tendered securities out of 12,000 CASHES securities outstanding (62.94%) into 78,874,241 Ageas shares. BNP Paribas committed not to sell these shares for a period of six months. The total number of outstanding Ageas shares remains unchanged. However, the number of shares entitled to dividend and voting rights increased by 3.5%.

Earnings per share

The following table details the calculation of earnings per share.

	First half-year 2012	First half-year 2011
Net result attributable to shareholders	304.7	(58.8)
Amortisation of costs of restricted shares	0.5	
Net result used to determine diluted earnings per share	**305.2**	**(58.8)**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	2,390,327	2,582,872
Adjustments for:		
- restricted shares (in thousands)	2,182	107
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**2,392,509**	**2,582,980**
Basic earnings per share (in euro per share)	0.13	(0.02)
Diluted earnings per share (in euro per share)	0.13	(0.02)

In the first half-year of 2012 weighted average options on 24,330,670 shares (first half-year of 2011: 24,547,266) with a weighted average exercise prices of EUR 19.97 per share (first half-year of 2011: EUR 20.09) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares.

During 2012 and 2011, 39,682,540 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 46,439,042 (first half-year of 2011: 125,313,283) issued in relation to CASHES are included in the ordinary shares although they do not bear dividend nor voting rights until the moment of conversion of the CASHES (see also before).

4 Supervision and solvency

The National Bank of Belgium, the lead supervisor for Ageas, has designated Ageas as Insurance Group. As such, Ageas is subject to supervision and reporting requirements at the consolidated level. The operating companies are subject to local supervision.

4.1 Ageas consolidated supervision

At the Ageas consolidated level, the National Bank of Belgium (NBB) supervises Ageas. The regulators in the countries in which the subsidiaries are located supervise the subsidiaries of Ageas in those countries, using their own solvency measures and based on local accounting principles.

Based on the rules and regulations for Insurance Groups applicable in Belgium, Ageas reports on a quarterly basis to the NBB its available regulatory capital and required solvency. This prudential supervision includes quarterly verification that Ageas, on a consolidated basis, meets the solvency requirements. In June 2011, the NBB requested to adjust the calculation and limit the amount of subordinated funding and Hybrid capital to 50% of the minimum solvency requirements. As of 2012, the calculation of the Regulatory capital has been updated and the net impact of the combined unrealised gains and losses on Bonds, Equities and Real Estate cannot longer result in a deduction from Regulatory capital. There is no impact of this change on the in 2012 and year end 2011 Regulatory capital since the unrealised gains and losses are on balance positive.

The reconciliation of the Shareholders' capital to the available regulatory capital and resulting solvency ratios is as follows:

	30 June 2012	31 December 2011
Share capital and reserves	7,293.8	7,826.3
Net result attributable to shareholders	304.7	(578.2)
Unrealised gains and losses	1,208.4	512.2
Shareholders' equity	8,806.9	7,760.3
Non-controlling interests	759.2	607.4
Total equity	9,566.1	8,367.7
Subordinated liabilities	2,972.2	2,973.6
Prudential filters		
Local required equalisation reserves for catastrophes	(154.4)	(135.5)
Pension adjustment	(26.5)	(22.9)
Revaluation of investment property, net of tax (at 90%)	750.0	715.2
Adjustment valuation of investments	(1,185.6)	(252.5)
Cash flow hedge	27.9	20.3
Goodwill	(952.5)	(923.4)
Other intangible assets	(375.8)	(382.1)
Expected dividend		(187.4)
Expected dividend, related to Call option BNP Paribas shares	(117.0)	(395.0)
Limitation subordinated debt to 50% of required solvency	(1,074.6)	(1,153.5)
Regulatory capital	**9,429.8**	**8,624.6**
Solvency ratio's		
Solvency requirements	3,795.2	3,640.3
Solvency excess	5,634.6	4,984.3
Solvency ratio	248.5%	236.9%

4.2 Ageas capital management

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

In 2011, Ageas decided to bring its own view on regulatory capital for the insurance business in line with the rules of the NBB for insurance groups resulting in a minor adjustment.

The General Account comprises the group functions, financing transactions, the internal reinsurance vehicle (in run off) as well as the so-called legacy related issues. For the General Account the notion of discretionary capital has been replaced by Net Cash. Since the Net Cash notion is a commonly understood notion, Ageas decided to use Net Cash as the indicator for the freely available capital at Group level.

Ageas targets a minimum aggregate solvency ratio of 200% of the minimum regulatory requirements at the Total Insurance level. Ageas will review the minimum targets at the latest at the time of the introduction of Solvency II.

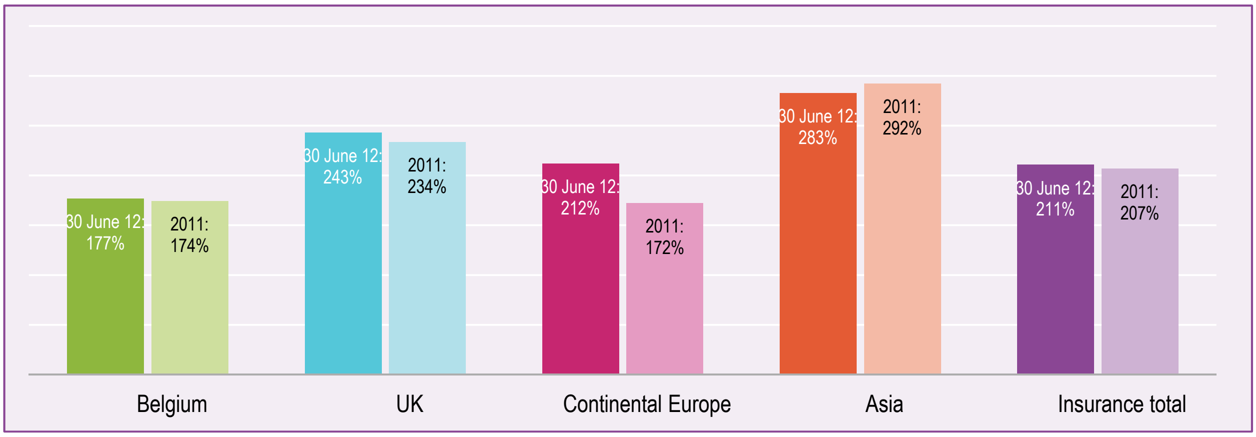
Capital position Insurance

As at 30 June 2012, the total capital of the insurance operations stood at EUR 8.0 billion (31 December 2011: EUR 7.5 billion), 210.6% of the required minimum (31 December 2011: 207.0%).

30 June 2012	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	4,109.5	960.8	1,208.7	1,407.9	297.6	7,984.5	1,445.3	9,429.8
Minimum solvency requirements	2,328.1	395.6	570.4	497.9		3,792.0	3.2	3,795.2
Amount of total capital above minimum	1,781.4	565.2	638.3	910.0	297.6	4,192.5	1,442.1	5,634.6
Total solvency ratio	176.5%	242.9%	211.9%	282.8%		210.6%		248.5%

31 December 2011	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	3,940.3	857.9	973.3	1,291.0	467.1	7,529.6	1,095.0	8,624.6
Minimum solvency requirements	2,262.5	367.4	565.4	441.8		3,637.1	3.2	3,640.3
Amount of total capital above minimum	1,677.8	490.5	407.9	849.2	467.1	3,892.5	1,091.8	4,984.3
Total solvency ratio	174.2%	233.5%	172.1%	292.2%		207.0%		236.9%

The solvency position per Insurance segment and for Insurance total can graphically be shown as follows:



Net cash position General Account

Based on the rules and regulations of the NBB the available regulatory capital of the General Account (including eliminations) amounted to EUR 1.4 billion (31 December 2011: EUR 1.1 billion). Since most of the capital is not readily available, Ageas uses a net cash position to measure its General Account capital immediately available and as an indication for the strategic flexibility.

The net cash position stood per 30 June 2012 at EUR 1.5 billion. The net cash position was mainly positively impacted in the first half-year by:

- Ageas received EUR 953 million for the redemption of the Tier 1 instrument (see Note 7);
- Ageas received EUR 400 million in connection with the settlement arrangement with the Dutch State and ABN AMRO (refer to Note 9);
- Ageas paid an indemnity of EUR 299 million (see Note 19);
- Ageas paid its annual dividend of EUR 190 million.

	30 June 2012	31 December 2011
Cash and cash equivalents	1,114.1	344.7
Due from banks short term	600.0	600.0
Debt certificates	(213.8)	(256.7)
Net cash position	**1,500.3**	**688.0**

Notes to the Consolidated statement of financial position

5 Cash and cash equivalents

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

The composition of cash and cash equivalents as at 30 June is as follows:

	30 June 2012	31 December 2011
Cash on hand	2.1	2.1
Due from banks	2,356.0	2,426.9
Other	340.9	272.5
Total cash and cash equivalents	**2,699.0**	**2,701.5**

The change in Due from banks consist on one hand of the investment financing within the Belgium insurance company during the first six months of 2012 (with an impact of around EUR 975 million). This is partly compensated by the agreement with BNP Paribas on the Tier 1 loan and the RPN(I)/Cashes settlement (EUR 666 million) and the settlement of the disputes with ABN AMRO/ The Dutch State (EUR 400 million).

6 Financial investments

The composition of Financial investments is as follows:

	30 June 2012	31 December 2011
Financial investments		
- Held to maturity	5,043.1	5,032.4
- Available for sale	54,014.6	51,399.3
- Held at fair value through profit or loss	178.5	194.1
- Derivatives held for trading	45.3	42.4
Total, gross	**59,281.5**	**56,668.2**
Impairments:		
- of investments available for sale	(235.5)	(1,436.8)
Total impairments	**(235.5)**	**(1,436.8)**
Total	**59,046.0**	**55,231.4**

6.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Historical cost at recognition	4,729.4	163.9	4,893.3
Acquisition	125.7		125.7
Historical / amortised costs	**4,855.1**	**163.9**	**5,019.0**
Amortisation	12.0	1.4	13.4
Investments held to maturity at 31 December 2011	**4,867.1**	**165.3**	**5,032.4**
Amortisation	8.3	2.4	10.7
Investments held to maturity at 30 June 2012	**4,875.4**	**167.7**	**5,043.1**
Fair value at 30 June 2012	**5,362.2**	**160.7**	**5,522.9**

In 2011, Ageas reclassified in accordance with IFRS investments amounting to EUR 4.9 billion from Available for sale to Held to maturity. The reclassification took place against the fair value of the investments at the time of the reclassification. The difference between the fair value and the amortised cost, which amounted to EUR 210 million, remains included in Unrealised gains and losses in Shareholders' equity and will be amortised over the remaining maturity of the investments. The amortisation is offset in the income statement against the amortisation of the difference between the book value and the nominal value of the bonds leading to a very limited impact in the income statement.

In the following table the government bonds that are classified as Held to maturity are detailed by country of origin as at 30 June.

30 June 2012	Historical/ amortised cost	Fair value
Belgian national government	4,370.6	4,856.0
Portuguese national government	504.8	506.2
Total	**4,875.4**	**5,362.2**
31 December 2011		
Belgian national government	4,373.5	4,553.4
Portuguese national government	493.6	403.6
Total	**4,867.1**	**4,957.0**

6.2 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 2012	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,570.7	1,707.1	(453.4)	28,824.4		28,824.4
Corporate debt securities	21,476.5	1,324.7	(306.3)	22,494.9		22,494.9
Structured credit instruments	325.5	14.5	(11.1)	328.9	(0.1)	328.8
Available for sale investments in debt securities	49,372.7	3,046.3	(770.8)	51,648.2	(0.1)	51,648.1
Private equities and venture capital	29.2	0.5		29.7		29.7
Equity securities	2,263.8	118.2	(49.8)	2,332.2	(235.4)	2,096.8
Other investments	4.5			4.5		4.5
Available for sale investments in equity securities and other investments	2,297.5	118.7	(49.8)	2,366.4	(235.4)	2,131.0
Total investments available for sale	**51,670.2**	**3,165.0**	**(820.6)**	**54,014.6**	**(235.5)**	**53,779.1**

31 December 2011						
Government bonds	27,693.5	1,027.0	(868.3)	27,852.2	(1,209.1)	26,643.1
Corporate debt securities	20,705.7	917.1	(485.0)	21,137.8	(6.4)	21,131.4
Structured credit instruments	384.3	13.4	(13.1)	384.6	(0.1)	384.5
Available for sale investments in debt securities	48,783.5	1,957.5	(1,366.4)	49,374.6	(1,215.6)	48,159.0
Private equities and venture capital	14.6		(0.4)	14.2		14.2
Equity securities	2,010.9	97.6	(100.2)	2,008.3	(221.2)	1,787.1
Other investments	2.2			2.2		2.2
Available for sale investments in equity securities and other investments	2,027.7	97.6	(100.6)	2,024.7	(221.2)	1,803.5
Total investments available for sale	**50,811.2**	**2,055.1**	**(1,467.0)**	**51,399.3**	**(1,436.8)**	**49,962.5**

Government bonds detailed by country of origin

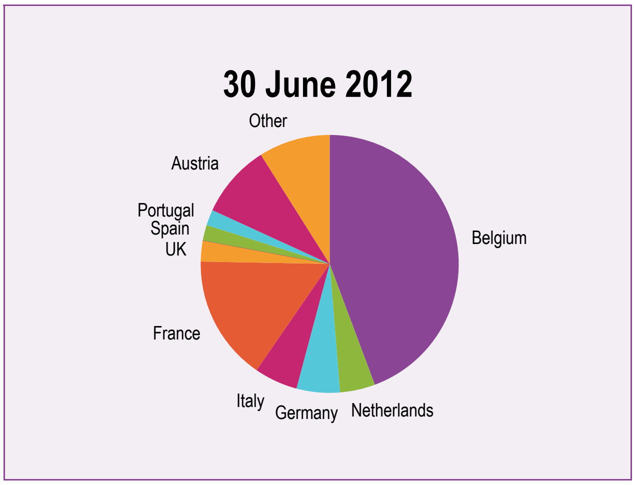
Government bonds detailed by country of origin as at 30 June are as follows:

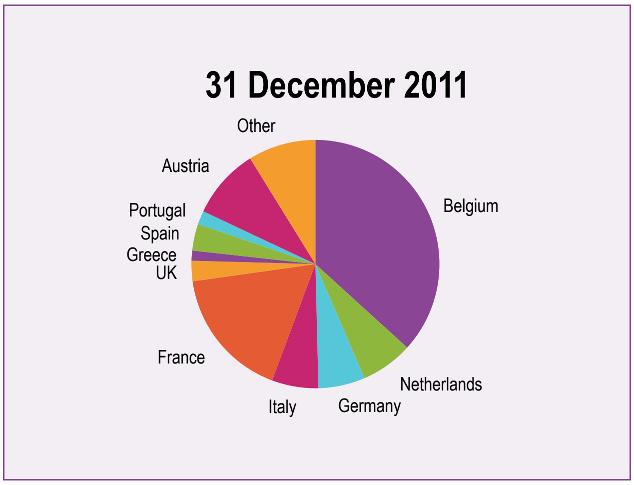
30 June 2012	Historical/ amortised cost	Gross unrealised gains (losses)	Impairments	Fair value
Belgian national government	12,111.7	662.5		12,774.2
Dutch national government	1,219.7	50.2		1,269.9
German national government	1,327.4	235.9		1,563.3
Italian national government	1,767.9	(200.5)		1,567.4
French national government	4,224.4	302.7		4,527.1
Great Britain national government	715.3	39.6		754.9
Greek national government	26.5	(11.4)		15.1
Spanish national government	678.0	(112.4)		565.6
Portuguese national government	677.4	(107.7)		569.7
Austrian national government	2,429.5	222.5		2,652.0
Finnish national government	246.3	28.1		274.4
Irish national government	414.1	(19.4)		394.7
Slovenian national government	157.7	(5.5)		152.2
Czech Republic national government	244.0	22.8		266.8
Slovakian national government	223.3	17.1		240.4
United States of America national government	318.6	97.2		415.8
Other national governments	788.9	32.0		820.9
Total	**27,570.7**	**1,253.7**		**28,824.4**

31 December 2011				
Belgian national government	9,680.4	111.4		9,791.8
Dutch national government	1,692.1	116.5		1,808.6
German national government	1,402.8	216.3		1,619.1
Italian national government	1,989.9	(369.8)		1,620.1
French national government	4,365.7	186.6		4,552.3
Great Britain national government	660.9	43.6		704.5
Greek national government	1,562.9		(1,209.1)	353.8
Spanish national government	1,015.7	(90.2)		925.5
Portuguese national government	681.0	(208.3)		472.7
Austrian national government	2,308.1	136.7		2,444.8
Finnish national government	282.9	24.7		307.6
Irish national government	443.1	(62.0)		381.1
Slovenian national government	229.4	(18.7)		210.7
Czech Republic national government	244.2	5.0		249.2
Slovakian national government	223.0	(2.5)		220.5
United States of America national government	302.7	85.0		387.7
Other national governments	608.7	(15.6)		593.1
Total	**27,693.5**	**158.7**	**(1,209.1)**	**26,643.1**

Ageas impaired it's exposure on Greek Government bonds in 2011 as a result of the economic crisis in Greece. In the course of the first three months of 2012 Ageas converted its Greek bond portfolio into new Greek bonds with a face value of 31.5% in accordance with the offer of the Greek government. After this conversion, almost the entire Greek bond position was sold.

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





The table below provides the 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 2012	31 December 2011
Available for sale investments in debt securities:		
Carrying amount	51,648.1	48,159.0
Gross unrealised gains and losses	2,275.5	591.1
- Related tax	(738.6)	(209.0)
Shadow accounting	(378.0)	(49.7)
- Related tax	137.8	46.1
Net unrealised gains and losses	**1,296.7**	**378.5**

	30 June 2012	31 December 2011
Available for sale investments in equity securities and other investments:		
Carrying amount	2,131.0	1,803.5
Gross unrealised gains and losses	68.9	(3.0)
- Related tax	(20.1)	(5.6)
Shadow accounting	(28.9)	(8.0)
- Related tax	10.3	4.2
Net unrealised gains and losses	**30.2**	**(12.4)**

The tax related to gross unrealised gains and losses on Investments available for sale is impacted by the fact that the tax on unrealised gains of Ageas's subsidiary in France can be offset with tax losses from the past. This impact is significantly visible in tax related to shadow accounting at 31 December 2011.

Impairments of Investments available for sale

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

	30 June 2012	31 December 2011
Impairments of investments available for sale:		
- on debt securities	(0.1)	(1,215.6)
- on equity securities and other investments	(235.4)	(221.2)
Total impairments of investments available for sale	**(235.5)**	**(1,436.8)**

The changes in impairments of Investments available for sale are as follows:

	30 June 2012	31 December 2011
Balance as at 1 January	**1,436.8**	**167.6**
Acquisitions/divestments of subsidiaries		(17.5)
Increase in impairments	77.8	1,527.1
Reversal on sale/disposal	(1,278.9)	(221.5)
Foreign exchange differences and other adjustments	(0.2)	(18.9)
Closing balance	**235.5**	**1,436.8**

The reversal on sale/disposal amounting to EUR 1,278.9 million relates to the conversion of the Greek bond portfolio in the first three months of 2012.

6.3 Investments held at fair value through profit or loss

The following table provides information as at 30 June about the Investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	30 June 2012	31 December 2011
Government bonds	0.6	
Corporate debt securities	116.8	95.3
Structured credit instruments	43.5	85.7
Debt securities	160.9	181.0
Equity securities	17.6	13.1
Equity securities and other investments	17.6	13.1
Total investments held at fair value through profit or loss	**178.5**	**194.1**

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are contractually or on the basis of discretionary participation features linked to the performance of these assets 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.

6.4 Derivatives held for trading (assets)

The following table provides a specification of the derivatives held for trading (assets).

	30 June 2012	31 December 2011
Over the counter (OTC)	45.3	42.4
Total derivatives held for trading (assets)	**45.3**	**42.4**

The Derivatives held for trading mainly relate to interest rate and equity options and interest rate swaps.

6.5 Real estate

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

Fair value:	30 June 2012	31 December 2011
Investment property	2,998.0	2,799.1
Land and buildings held for own use	1,493.9	1,472.4
Total fair value	**4,491.9**	**4,271.5**
Carrying amount:		
Investment property	2,194.1	2,045.7
Land and buildings held for own use	1,013.3	1,000.7
Total carrying amount	**3,207.4**	**3,046.4**
Gross unrealised gain / loss	1,284.5	1,225.1
Taxation	(422.5)	(402.4)
Net unrealised gain / loss (not recognised in equity)	**862.0**	**822.7**

7 Loans

The composition of Loans is as follows:

	30 June 2012	31 December 2011
Loans to banks	1,995.1	2,934.5
Loans to customers	3,251.2	2,762.9
Total	**5,246.3**	**5,697.4**
Less impairments:		
- specific credit risk	(14.1)	(13.3)
- incurred but not reported (IBNR)	(0.7)	(0.7)
Total loans	**5,231.5**	**5,683.4**

7.1 Loans to banks

Loans to banks consist of the following:

	30 June 2012	31 December 2011
Interest-bearing deposits	875.0	974.3
Subordinated loans	976.7	1,753.9
Reverse repurchase agreements		66.6
Other	143.4	139.7
Total	**1,995.1**	**2,934.5**
Less impairments:		
- specific credit risk	(1.2)	(1.2)
Loans to banks	**1,993.9**	**2,933.3**

The subordinated loans can be split in:

	30 June 2012	31 December 2011
Nitsh I (USD 750 million)	603.3	588.8
Nitsh II	373.4	371.0
Fortis Bank Tier 1		794.1
Total subordinated loans	**976.7**	**1,753.9**

Nitsh I and II

Nitsh I and II are subordinated loans (see also Note 16 on Subordinated Liabilities) that are (in part) on-lent to Fortis Bank.

The Fortis Bank Tier 1 loan consist of bonds issued in 2001, which Ageas was obliged to exchange in the third quarter of 2011 due to a support agreement entered into by the former Fortis parent companies, now ageas SA/NV and ageas N.V.

Settlement subordinated loan Fortis Bank SA/NV (Tier 1 instrument)

On 26 September 2011, Ageas was obliged to exchange EUR 952.9 million redeemable perpetual cumulative coupon debt securities of Fortis Bank at par, after a non-call of these securities by Fortis Bank and consent granted by the NBB for this exchange.

Ageas decided to determine the fair value of the securities by using valuation techniques based on a net present value calculation. With EUR 952.9 million par value of securities exchanged, the fair value of these securities was set at EUR 762.3 million.

The difference between the acquisition price and the amount of first recognition was recorded as a loss in the income statement in the line 'Result on sales and revaluations' in 2011. This difference is reversed until the settlement (see below) in the income statement over the applicable quarters, via the effective interest method. In 2012 an amount of EUR 30.4 million has been reversed according to this method (2011: EUR 31.8 million).

Settlement with Fortis Bank SA/NV and BNP Paribas

On 7 February 2012, Ageas and BNP Paribas reached an agreement on a partial settlement of the RPN/RPN(I) (see Note 19) and the full call of the Tier 1 instrument, issued by Fortis Bank SA/NV and for 95% held by Ageas. Fortis Bank SA/NV called the Tier 1 for an amount of EUR 952.9 million in the first half year of 2012. The call resulted in a capital gain of EUR 128.5 million (see Note 24).

7.2 Loans to customers

The composition of Loans to customers is as follows:

	30 June 2012	31 December 2011
Government and official institutions	0.4	0.3
Residential mortgage	1,549.1	1,588.1
Consumer loans	7.5	7.9
Commercial loans	108.4	97.3
Policyholder loans	182.3	173.5
Other loans	1,403.5	895.8
Total	**3,251.2**	**2,762.9**
Less impairments:		
- specific credit risk	(12.8)	(12.1)
- incurred but not reported (IBNR)	(0.7)	(0.7)
Loans to customers	**3,237.7**	**2,750.1**

Other loans consist mainly of:

- loans to Governmental and regional authorities;
- in the course of 2012, structured loans related to mortgage backed securities were acquired for an amount of EUR 480 million.

8 Investments in associates

As a result of the transactions closed on 12 May 2009, Ageas acquired, for the total sum of EUR 760.0 million, a 44.7% stake in Royal Park Investments (RPI), a special purpose vehicle that acquired part of the structured credit portfolio of Fortis Bank. This stake has been accounted for using the equity method.

RPI acquired from Fortis Bank on the closing date a portfolio of structured credits for an agreed purchase price of EUR 11.7 billion. The corresponding face value of the portfolio amounted to EUR 20.5 billion at 12 May 2009. This purchase was funded by EUR 1.7 billion equity, EUR 5 billion super senior debt and EUR 5 billion senior debt; the senior debt includes a loss absorption mechanism. The senior debt was provided by BNP Paribas and by Fortis Bank. The funding provided by Fortis Bank is guaranteed by the Belgian government. Any cash generated by RPI will first be used to repay the super senior debt.

The initial recognition of the investment under the equity accounting method is at cost, followed by an impairment test of the carrying amount. Ageas requested RPI to draw up financial information based on Ageas IFRS accounting policies. RPI recorded the acquisition of the portfolio, related funding and people and processes as a business combination under IFRS. At acquisition the asset portfolio was recorded at market value (EUR 8.2 billion) and the difference between the purchase price (EUR 11.7 billion) and the market value amounting to EUR 3.5 billion was recorded in the IFRS statement of financial position of RPI as a deferred tax asset (EUR 1.2 billion: 33.9% of 3.5 billion) and goodwill of EUR 2.3 billion.

RPI manages the portfolio to maximise the value for its shareholders as defined in the management guidelines drawn up by the RPI Board. In the current circumstances, this implies a run off scenario. In such case IFRS requires amortised cost as subsequent measurement of the asset portfolio. IFRS requires for variable rate instruments, an instrument by instrument re-computation of the amortised cost based on actualised cash flow information per asset. However, RPI does not have such information available and to produce this information would require undue cost and efforts. In the absence of such information and taking into consideration that management is also using fair value information in the context of periodically monitoring the asset portfolio, Ageas decided to use for subsequent measurement of the asset portfolio the fair value through profit or loss.

To determine the cash flows of the portfolio and related funding several assumptions were made such as loss given default, probability of default, pre-payment speed, housing price evolutions, additional sector and geographical data when needed. Given the fact that the uncertainties were taken into consideration when determining the cash flows, and the fact that the funding of RPI is guaranteed, the expected cash flows have been discounted at 7.8% (31 December 2011: 7.8%) being the risk free interest rate for Belgium plus the normal equity premium.

Since RPI is in fact a portfolio in run-off, the profits included in the portfolio and related funding will be realised over time and will not be replaced by profits from new transactions, the goodwill will need to be impaired in the period the portfolio runs off. The goodwill recognised by RPI represents for a significant part the future profits of this business.

The first half-year result of RPI at 100%, and before an impairment test of the goodwill, amounted to EUR 326 million net profit (first half-year of 2011: EUR 458 million). Lower market to market revaluations of the investment portfolio, compared to the first half-year period in 2011, and lower interest income due to higher funding costs related to the difficult US dollar CP market drive the difference. At the end of each quarter RPI performs an impairment test on the goodwill recognised under IFRS. Since all proceeds received are used to redeem the funding, and no new business has been generated, the goodwill needs to be impaired over the expected maturity of the portfolio. Based on the review in the first half-year of the expected business developments, a value in use of the total business was calculated resulting in impairment on Goodwill of EUR 159 million. RPI's net profit under IFRS, including impairment of goodwill, at 100%, as a result amounted to EUR 167 million positive or Ageas's share of EUR 75 million positive.

In addition, RPI concluded a number of interest rate swaps, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. In 2011 and 2012 some swaps were sold and a gain was realised. All unrealised fair value movements on the remaining swaps flow through equity. Since hedge accounting is applied this gain is not recorded in the income statement but in Shareholder's equity and will be amortised over the coming years in the income statement. As at 30 June 2012 the hedge reserve including the realised gains amounted to EUR 102 million after tax. As a result of both elements, Ageas's equity investment in RPI increased from EUR 779 million end 2011 to EUR 856 million.

As at 30 June, the fair value of the investment portfolio under IFRS amounts to EUR 6.0 billion (31 December 2011: EUR 6.0 billion), the goodwill to EUR 0.6 billion (31 December 2011: EUR 0.8 billion) and the deferred tax asset to EUR 0.6 billion (31 December 2011: EUR 0.7 billion). The funding measured at amortised cost, amounted to EUR 5.5 billion (31 December 2011: EUR 6.0 billion) and the equity amounted to EUR 1.9 billion (31 December 2011: EUR 1.7 billion).

9 Reinsurance and other receivables

Included under Reinsurance and other receivables were at year end 2011 the claims on Fortis Capital Company Limited, ABN AMRO and the Dutch State related to the FCC transaction and the MCS conversion. The first claim is for full compensation for the payment (EUR 362.5 million) made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO N.V.) to allow it to pay the above amount to the holders of preference shares. In 2009, this claim was impaired based on the fact that ABN AMRO contested the claim. Based on the negotiations with the Dutch State, Ageas decided in 2010 to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State (see also Note 20 Provisions).

The second claim relates to the MCS conversion. On December 7, 2010, Ageas issued 106.7 million shares in relation to the conversion of the MCS. Since ABN AMRO was the beneficiary of the proceeds of the MCS issue and the existence of the four party agreement granted Ageas a claim on ABN AMRO at the moment of conversion, Ageas recorded a receivable for an amount of EUR 2 billion with ABN AMRO as debtor at the moment of conversion. The Dutch State has made a statement that based on the terms and conditions on the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance, they are entitled to this claim. Ageas has taken this into account in 2010 for the set up of a provision for disputes with the Dutch State (see also Note 20 Provisions).

Settlement

On 28 June 2012, ageas SA/NV and ageas N.V. ('Ageas'), ABN AMRO Group N.V. and ABN AMRO Bank N.V. ('ABN AMRO') settled the legal proceedings concerning ABN AMRO Capital Finance Ltd. (former Fortis Capital Company Ltd. 'FCC') and the Mandatory Convertible Securities ('MCS').

This settlement also brings to a close all outstanding disputes between the Dutch State and Ageas in relation to the equity transactions which resulted in the take-over of the Dutch activities of the former Fortis group by the Dutch State on 3 October 2008. NL Financial Investments, the majority shareholder of ABN AMRO, co-signed this agreement on behalf of the Dutch State. The settlement resulted in a one-off cash payment by ABN AMRO to Ageas of EUR 400 million on 29 June 2012.

The amount of original claims of EUR 2,362 million has, after deducting the settlement amount of EUR 400 million been booked in the Consolidated Income Statement as an impairment. This impairment is offset by the release of the provisions related to disputes with the Dutch state of EUR 2,362 million (see note 20), resulting in a EUR 400 million profit.

10 Call option BNP Paribas shares

Under the agreement signed on 12 May 2009, Ageas was granted a cash-settled call option by the Federal Holding and Investment Corporation (Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij – SFPI/FPIM) that allows Ageas to benefit from any appreciation in the value of 121,218,054 BNP Paribas shares held by the SFPI/FPIM. These shares were acquired by the SFPI/FPIM in return for selling 75% + 1 share of Fortis Bank. This option entitles Ageas to the difference between the strike price of EUR 68 and the market price of the BNP Paribas shares at the time of exercise, or the selling price of the underlying BNP Paribas shares, at the discretion of SFPI/FPIM. These rights have replaced the 'coupon 42'. After the Rights Issue of BNP Paribas on 29 September 2009, the exercise price was reduced to EUR 66.672.

The granted rights include some non-standard features that differ from standard ISDA based option protocols, such as restrictions on transferability, limitations on freedom of exercise, forced exercise under specific circumstances and specific adjustment mechanics such as dilution and claim issues.

Ageas can exercise the options up to 10 October 2016. Ageas decided to move to a gradual exercise strategy in accordance with a disciplined methodology, once the options are in the money, but continuously also monitors the ability to monetise the options.

The options are recorded at fair value, with subsequent revaluations recorded in the income statement under unrealised gain (loss) on Call option BNP Paribas shares.

Value calculation

The theoretical value of an individual option can be calculated based on Black-Scholes option valuation techniques. Besides market observable data on the reporting date, such as interest yield, actual and strike price of the share and the remaining duration of the option, the calculation needs to include assumptions regarding future dividend and volatility. Non-standard features should also be taken into account.

The following data were used for the valuation:

	30 June 2012	31 December 2011
BNP Paribas share price	EUR 30.34	EUR 30.35
Strike price	EUR 66.672	EUR 66.672
Volatility	33%	49%
Dividend yield	5.40%	5.98%
Price per option up to 10 October 2016	EUR 1.380	EUR 4.660
Theoretical value of 121.2 million options	EUR 167 million	EUR 565 million
Estimated value, after adjustment for non standard features (30%)	**EUR 117 million**	**EUR 395 million**

Volatility

Given the very large number of options on BNP Paribas shares carried by Ageas, representing 10.12% of the BNP Paribas outstanding shares, the monetisation of the options is expected to have an effect on the value of traded options and hence the implied volatility. Ageas therefore decided to move to a gradual exercise strategy in accordance with a disciplined methodology to minimise the impact of the implied volatility of the shares on the value of the call option. Following the move towards a gradual exercise strategy, Ageas decided to base the used volatility on extrapolated implied volatility observed in the market. The value of the call option at 30 June amounted to EUR 117 million, after adjustment for non-standard features.

Sensitivity valuation for assumption changes

Both the applied volatility and the dividend yield assumption have a significant influence on the value of the options: a decrease of the volatility by 10% point on 30 June results in a 80.4% decrease in the theoretical value of the option; an increase of the volatility by 10% point, all other input variables equal, results in a 127.5% increase of the theoretical value. A decrease of the volatility by 5% point on 30 June results in a 47.8% decrease in the theoretical value of the option; an increase of the volatility by 5% point, all other input variables equal, results in a 60.2% increase of the theoretical value. A 1% point decrease of the dividend yield, keeping other input variables equal, results in a 3.6% increase of the theoretical value, while a 1% point increase of the dividend yield, all other input variables kept equal, results in a 2.9% decrease of the theoretical value of the options.

Adjustment for non-standard features

Given the unusual features of the option, professional market parties will apply a significant discount to the theoretical valuation. Ageas has decided to lower the theoretical value by 30% for these non-standard features, based on indications from professional market parties ranging from 10% to 50%.

Pay out of proceeds

Ageas has undertaken to propose to the general meetings of shareholders to pay out as dividend the benefits of exercises, monetisation or any other contemplated structure, to the extent permitted by law and taking into account practical constraints.

The Belgian Ruling Commission has confirmed that the grant of the BNP Paribas option is not itself a taxable event for ageas SA/NV. Ageas tax carry forward losses will avoid payment of corporate income tax when the gains on the option are realised. Ageas is thus able, to the extent permitted by law, to propose to dividend out the gross proceeds.

11 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts as at 30 June.

	30 June 2012	31 December 2011
Liability for future policyholder benefits	24,510.6	24,055.4
Reserve for policyholder profit sharing	321.3	298.4
Shadow accounting	199.6	19.5
Before eliminations	**25,031.5**	**24,373.3**
Eliminations	(3.0)	(2.9)
Gross	**25,028.5**	**24,370.4**
Reinsurance	(55.5)	(39.6)
Net	**24,973.0**	**24,330.8**

12 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts as at 30 June.

	30 June 2012	31 December 2011
Liability for future policyholder benefits	27,631.2	27,049.2
Reserve for policyholder profit sharing	95.3	114.1
Shadow accounting	173.6	38.2
Gross	**27,900.1**	**27,201.5**
Reinsurance		
Net	**27,900.1**	**27,201.5**

13 Liabilities related to unit-linked contracts

The liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows:

	30 June 2012	31 December 2011
Insurance contracts	1,491.7	1,486.1
Investment contracts	11,425.8	11,337.7
Total	**12,917.5**	**12,823.8**

14 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts as at 30 June.

	30 June 2012	31 December 2011
Claims reserves	4,835.8	4,606.9
Unearned premiums	1,764.7	1,587.3
Reserve for policyholder profit sharing	10.5	9.7
Shadow accounting	33.8	
Before eliminations	**6,644.8**	**6,203.9**
Eliminations		
Gross	**6,644.8**	**6,203.9**
Reinsurance	(439.1)	(428.8)
Net	**6,205.7**	**5,775.1**

Due to the long term nature of the Workmen's comp. business the related liability is calculated on a discounted bases. Due to the decreased interest rates an amount under shadow accounting is reported in 2012.

15 Debt certificates

The following table shows the types of debt certificates (EMTN) issued by Ageas and the amounts outstanding as at 30 June.

	30 June 2012	31 December 2011
Held at amortised cost	110.2	152.5
Held at fair value through profit or loss	103.6	104.2
Total debt certificates	**213.8**	**256.7**

16 Subordinated liabilities

The following table provides a specification of the subordinated liabilities as at 30 June.

	30 June 2012	31 December 2011
FRESH	1,250.0	1,250.0
- Hybrone	497.3	496.1
- Nitsh I	603.3	588.8
- Nitsh II	567.1	567.5
Ageas Hybrid Financing	1,667.7	1,652.4
Other subordinated liabilities	54.5	71.2
Total subordinated liabilities	**2,972.2**	**2,973.6**

16.1 FRESH

On 7 May 2002, Ageasfinlux S.A. issued undated Floating Rate Equity-linked Subordinated Hybrid capital securities (FRESH) for a total principal amount of EUR 1,250 million and with a denomination of EUR 250,000 each. Coupons on the securities are payable quarterly in arrears, at a variable rate of 3 month Euribor + 135 basis points.

The FRESH was issued by Ageasfinlux S.A., with ageas SA/NV and ageas N.V. acting as co-obligors. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against any of the co-obligors with respect to the principal amount are the 39,682,540 Ageas shares that Ageasfinlux S.A. pledged in favour of such holders. Pending the exchange of the FRESH against Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 30 June 2012 already includes the 39,682,540 Ageas shares issued for the purpose of such exchange).

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%) and in certain other exceptional circumstances, payment of coupons will be made in accordance with the so-called Alternative Coupon Settlement Method (ACSM). The ACSM implies that new Ageas shares will be issued and delivered to the holders of the FRESH. To date all coupons have been paid in cash. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas N.V. and 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. Because of these characteristics the FRESH is treated as part of Ageas's regulatory qualifying capital.

The FRESH has no maturity date, but may be exchanged for Ageas shares at a price of EUR 31.50 per share at the discretion of the holder. The FRESH will automatically be converted into Ageas shares if the price of the Ageas share is equal to or higher than EUR 47.25 on twenty consecutive stock exchange business days.

16.2 Ageas Hybrid Financing

In 2006, Ageas incorporated a special purpose company named Ageas Hybrid Financing S.A., which issued perpetual deeply subordinated and pari passu ranking securities, and invested the proceeds thereof in instruments issued by (former) Ageas operating companies which qualified as solvency for those entities. The securities issued by Ageas Hybrid Financing S.A. have the benefit of a support agreement and a subordinated guarantee entered into by ageas SA/NV and ageas N.V.

Ageas Hybrid Financing S.A. issued EUR 500 million of securities called 'Hybrone' in 2006, at an interest rate of 5.125% until 20 June 2016 and 3 month Euribor + 200 basis points thereafter. In 2008 it issued USD 750 million of securities called 'Nitsh I' at an interest rate of 8.25% and EUR 625 million of securities called 'Nitsh II' at an interest rate of 8.0%. The first call date of these two instruments is in 2013.

The proceeds of these securities were on-lent to AG Insurance for EUR 750 million and to Fortis Bank SA/NV for EUR 375 million and USD 750 million. Under the support agreement ageas SA/NV and ageas N.V. are obliged to contribute to Ageas Hybrid Financing S.A. such funds as necessary to allow it to pay the coupon in any year that Ageas declares a dividend or, alternatively, to pay the coupon through the ACSM if the entities which received the proceeds fail to pay the coupons on their on-loans in cash due to a breach of the applicable regulatory minimum solvency levels.

In the event that Ageas fails to achieve the regulatory minimum solvency level or if consolidated assets are less than the sum of liabilities, excluding liabilities not considered senior debt, or if Ageas Hybrid Financing S.A. so elects, the cash coupon will be replaced by settlement through the ACSM.

16.3 Other subordinated liabilities

The EUR 54.5 million reported under other subordinated liabilities at 30 June (year end 2011: EUR 71.2 million) includes a perpetual subordinated loan in the amount of EUR 51.5 million issued by Tesco Underwriting and underwritten by Tesco Bank.

17 Borrowings

The table below shows the components of Borrowings as at 30 June.

	30 June 2012	31 December 2011
Due to banks	1,728.9	2,043.5
Due to customers	111.2	97.2
Other borrowings	169.5	136.3
Total borrowings	**2,009.6**	**2,277.0**

17.1 Due to banks

The table below shows the components of Due to banks.

	30 June 2012	31 December 2011
Deposits from banks:		
- Demand deposits	6.2	2.3
- Other deposits	47.4	32.6
Total deposits	**53.6**	**34.9**
Repurchase agreements	971.9	1,279.6
Other	703.4	729.0
Total due to banks	**1,728.9**	**2,043.5**

17.2 Due to customers

The components of Due to customers are as follows:

	30 June 2012	31 December 2011
Deposits	0.5	0.5
Other borrowings	6.0	5.4
Funds held under reinsurance agreements	104.7	91.3
Total due to customers	**111.2**	**97.2**

18 Current and deferred tax assets and liabilities

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

	Statement of financial position 30 June 2012	31 December 2011	Income statement First half-year 2012	First half-year 2011
Deferred tax assets related to:				
Financial investments (available for sale)	109.4	130.2	2.6	31.9
Investment property	11.6	19.5	(7.8)	(1.0)
Property, plant and equipment	44.0	44.6	(0.4)	(0.6)
Intangible assets (excluding goodwill)	6.1	6.6	(0.4)	0.2
Insurance policy and claim reserves	387.8	299.6	(8.8)	(2.6)
Provisions for pensions and post-retirement benefits	42.6	43.4	(0.7)	0.1
Other provisions	7.3	7.1	0.1	1.1
Accrued expenses and deferred income	2.4	2.6	(0.2)	0.3
Unused tax losses	152.7	296.1	(112.1)	(7.9)
RPN(I)	59.0	56.1	(2.9)	
Other	22.1	115.9	(87.9)	2.3
Gross deferred tax assets	**845.0**	**1,021.7**	**(218.5)**	**23.8**
Unrecognised deferred tax assets	(95.5)	(94.7)	0.3	(2.2)
Net deferred tax assets	**749.5**	**927.0**	**(218.2)**	**21.6**
Deferred tax liabilities related to:				
Derivatives held for trading (assets)		1.9	1.9	(0.7)
Financial investments (available for sale)	853.4	409.1	(1.0)	(22.7)
Unit-linked investments	0.6	2.7	2.1	
Investment property	110.7	113.1	12.9	(5.3)
Loans to customers	3.0	3.0		
Property, plant and equipment	188.3	190.0	1.3	1.0
Intangible assets (excluding goodwill)	137.6	142.4	4.0	4.1
Other provisions	2.1	1.5	(0.6)	(0.8)
Deferred policy acquisition costs	62.1	58.1	(3.5)	(3.2)
Deferred expense and accrued income	1.5	1.5		
Tax exempt realised reserves	41.3	42.4	1.1	1.1
Call option BNP Paribas shares	39.8	116.5	76.8	
Other	90.3	100.6	9.4	(11.7)
Total deferred tax liabilities	**1,530.7**	**1,182.8**	**104.4**	**(38.2)**
Deferred tax income (expense)			**(113.8)**	**(16.6)**
Net deferred tax	**(781.2)**	**(255.8)**		

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

	30 June 2012	31 December 2011
Deferred tax asset	159.1	358.8
Deferred tax liability	940.3	614.6
Net deferred tax	**(781.2)**	**(255.8)**

19 RPN(I)

On 7 February 2012, Ageas and BNP Paribas reached an agreement on a partial settlement of the RPN(I) and the full call of the Tier 1 instrument, issued by Fortis Bank SA/NV and for 95% held by Ageas (see Note 7). The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, Fortis Bank SA/NV.

The settlement and call were both subject to the successful cash tender by BNP Paribas on the CASHES financial instrument. On 6 February 2012, BNP Paribas converted 7,553 of the tendered securities out of 12,000 CASHES securities outstanding (62.94%) into 78,874,241 Ageas's shares. BNP Paribas committed not to sell these shares for a period of six months. Following the conversion, the RPN(I) liability ceases to exist on a pro rata basis.

The indemnity for a 100% conversion was set at EUR 456 million, so Ageas indemnified BNP Paribas for EUR 287 million as a result of the above conversion (62.94% of EUR 456 million). In addition, a net loss of EUR 12 million due to costs related to the transaction and including the best estimate of the fair value of the annual indemnification, based on the assumption that the remaining CASHES will be converted in the next years, was recognised in the income statement. The total impact on the income statement of the indemnification amounted therefore to EUR 299 million.

Ageas reviewed the level 3 valuation of the RPN(I) and decided to include a floor in the valuation of the remaining RPN(I), corresponding to the indemnification agreed. The RPN(I) will be valued at the higher of the net discounted value of the expected interest payments and this floor. This amount of the floor is depending on the expected purchase price of the CASHES and the price of the Ageas share at that moment. As at 30 June 2012, the RPN(I) liability amounted to EUR 174 million (31 December 2011: EUR 190 million), as a result the release amounted to EUR 16 million.

20 Provisions

Provisions consist of provisions for tax disputes and legal litigations. The provisions are based on best estimates available at year-end based on management judgement and in most cases the opinion of legal and tax 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 litigation/disputes.

Changes in provisions during the year are as follows:

	30 June 2012	31 December 2011
Balance as at 1 January	**2,403.4**	**2,407.6**
Acquisition and divestment of subsidiaries	1.7	(15.8)
Increase in provisions	0.8	26.4
Reversal of unused provisions	(2,364.3)	(3.2)
Utilised during the year	(1.9)	(11.6)
Closing balance	**39.7**	**2,403.4**

In 2010, Ageas has set up a provision, amounting to EUR 2,362 million, for the disputes with the Dutch State. These disputes arise from the differences in interpretation of the terms and conditions of the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance from Ageas to the Dutch State in October 2008. The Dutch State is of the opinion that, based on the term sheets underlying the sale, they are:

- the owner of the EUR 2 billion claim on ABN AMRO related to the conversion of the MCS (see also Note 9 Reinsurance and other receivables);
- the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction (see also Note 9 Reinsurance and other receivables);
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation (see Note 29 Contingent liabilities).

On 28 June 2012, ageas SA/NV and ageas N.V. ('Ageas'), ABN AMRO Group N.V. and ABN AMRO Bank N.V. ('ABN AMRO') settled the legal proceedings concerning ABN AMRO Capital Finance Ltd. (former Fortis Capital Company Ltd. 'FCC') and the Mandatory Convertible Securities ('MCS').

This settlement also brings to a close all outstanding disputes between the Dutch State and Ageas in relation to the equity transactions which resulted in the take-over of the Dutch activities of the former Fortis group by the Dutch State on 3 October 2008. NL Financial Investments, the majority shareholder of ABN AMRO, co-signed this agreement on behalf of the Dutch State. The settlement resulted in a one-off cash payment by ABN AMRO to Ageas of EUR 400 million on 29 June 2012.

The amount of original claims of EUR 2,362 million has, after deducting the settlement amount of EUR 400 million been booked in the Consolidated Income Statement as an impairment. This impairment is offset by the release of the provisions related to disputes with the Dutch state of EUR 2,362 million (see note 9), resulting in a EUR 400 million profit.

21 Liability related to written put option on NCI

In the Consolidated Financial Statements of 2008, Ageas disclosed that on 12 March 2009 an agreement was concluded on the sale of 25% + 1 share of AG Insurance to Fortis Bank (now named BNP Paribas Fortis Bank) for an amount of EUR 1,375 million. This agreement was approved by the Shareholder's meetings of Ageas of May 2009. As part of this transaction Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance in the six-month period starting 1 January, 2018 to Ageas.

Ageas concluded that the exercise of the put option is unconditional. In accordance with IAS 32 Ageas is therefore obliged to recognise a financial liability against the present value of the estimated exercise price of the put option in 2018. This financial liability is shown in a separate line ('Liability related to written put option') in the statement of financial position. In addition, the liability is included in the General Account as the liability relates to Ageas Insurance International N.V. (the parent company of AG Insurance).

In more detail the IFRS guidance requires Ageas to recognise a liability even though:

- the put option has not been exercised;
- there is no indication that Fortis Bank plans to exercise the option based on the current strategic cooperation;
- the exercise price at fair value is below the net asset value.

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 the Other Reserves.

If the option is exercised in 2018, the liability will be settled by a cash payment of Ageas to Fortis Bank resulting in Ageas reacquiring 25% + 1 share of AG Insurance. However, if the option matures without exercising then the liability is written off against Non-controlling interest and Other Reserves.
While the option has not been exercised, the results in the Consolidated income statement linked to Non-controlling interest (the 25% + 1 share part of Fortis Bank) are recorded as Non-controlling interest.

Valuation

The liability is valued at the discounted amount of the consideration expected to be paid on settlement. There are no market indicators for such a value, therefore Ageas used a level 3 valuation method based on:

- current market multiples for insurance companies;
- a growth in value of 5.5% based on an expected rate of return of 11%, and a 50% dividend pay-out;
- a discount rate of 10%.

Based on these assumptions the net present value of the liability is EUR 736 million on 30 June (31 December 2011: EUR 655.8 million). The following sensitivities have been calculated:

Discount rate	+1% point	(1%) point
Value liability	697	777
Relative impact	(5.3%)	5.6%

Price to book	+10%	(10%)
Value liability	810	662
Relative impact	10.0%	(10.0%)

Growth rate	+1% point	(1%) point
Value liability	779	695
Relative impact	5.8%	(5.6%)

Notes to the Consolidated income statement

22 Insurance premiums

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

	First half-year 2012	First half-year 2011
Gross inflow Life	3,427.8	3,790.7
Gross inflow Non-life	2,276.6	2,123.3
General and eliminations	(0.2)	(0.9)
Total gross inflow	**5,704.2**	**5,913.1**

	First half-year 2012	First half-year 2011
Net premiums Life	2,906.5	2,682.7
Net earned premiums Non-life	2,022.8	1,631.7
General and eliminations	(0.2)	(0.8)
Total net earned premiums	**4,929.1**	**4,313.6**

Life

The table below shows the details of Life premiums.

	First half-year 2012	First half-year 2011
Unit-linked insurance contracts		
Single written premiums	1.9	3.1
Periodic written premiums	42.9	43.1
Group business total	*44.8*	*46.2*
Single written premiums	18.2	41.0
Periodic written premiums	12.4	17.6
Individual business total	*30.6*	*58.6*
Total unit-linked insurance contracts	**75.4**	**104.8**
Non unit-linked insurance contracts		
Single written premiums	163.4	152.0
Periodic written premiums	390.3	385.5
Group business total	*553.7*	*537.5*
Single written premiums	398.4	314.8
Periodic written premiums	376.1	365.3
Individual business total	*774.5*	*680.1*
Total non unit-linked insurance contracts	**1,328.2**	**1,217.6**
Investment contracts with DPF		
Single written premiums	1,335.1	1,190.8
Periodic written premiums	216.3	214.8
Total investment contracts with DPF	**1,551.4**	**1,405.6**
Gross premium income Life insurance	**2,955.0**	**2,728.0**
Single written premiums	401.0	987.0
Periodic written premiums	71.8	75.7
Premium inflow deposit accounting	**472.8**	**1,062.7**
Total gross inflow Life	**3,427.8**	**3,790.7**

Total premium inflow Life insurance is gross 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 2012	First half-year 2011
Gross premium income Life	2,955.0	2,728.0
Ceded reinsurance premiums	(48.5)	(45.3)
Net premiums Life	**2,906.5**	**2,682.7**

Non-life

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

First half-year 2012	Accident & Health	Property & casualty	Total
Gross written premiums	422.5	1,854.1	2,276.6
Change in unearned premiums, gross	(30.5)	(110.0)	(140.5)
Gross earned premiums	**392.0**	**1,744.1**	**2,136.1**
Ceded reinsurance premiums	(9.2)	(106.0)	(115.2)
Reinsurers' share of unearned premiums	(0.9)	2.8	1.9
Net earned premiums Non-life insurance	**381.9**	**1,640.9**	**2,022.8**
First half-year 2011			
Gross written premiums	423.6	1,699.7	2,123.3
Change in unearned premiums, gross	(35.9)	(359.2)	(395.1)
Gross earned premiums	**387.7**	**1,340.5**	**1,728.2**
Ceded reinsurance premiums	(14.0)	(87.1)	(101.1)
Reinsurers' share of unearned premiums	(0.1)	4.7	4.6
Net earned premiums Non-life insurance	**373.6**	**1,258.1**	**1,631.7**

Below is a breakdown of the net earned premiums by Insurance operating segment.

First half-year 2012	Accident & Health	Property & casualty	Total
Belgium	241.7	598.6	840.3
UK	28.4	960.3	988.7
Continental Europe	111.8	82.0	193.8
Net earned premiums Non-life insurance	**381.9**	**1,640.9**	**2,022.8**
First half-year 2011			
Belgium	231.0	564.0	795.0
UK	29.7	612.6	642.3
Continental Europe	112.9	81.5	194.4
Net earned premiums Non-life insurance	**373.6**	**1,258.1**	**1,631.7**

23 Interest, dividend and other investment income

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

	First half-year 2012	First half-year 2011
Interest income		
Interest income on cash equivalents	7.1	15.2
Interest income on loans to banks	84.8	53.1
Interest income on investments	1,055.1	1,082.7
Interest income on loans to customers	69.6	63.5
Interest income on derivatives held for trading	7.0	23.4
Other interest income	10.3	4.8
Total interest income	**1,233.9**	**1,242.7**
Dividend income from equity securities	45.7	48.5
Rental income from investment property	90.6	83.6
Revenues parking garage	132.8	131.2
Other investment income	35.1	30.6
Total interest, dividend and other investment income	**1,538.1**	**1,536.6**

The increase in Interest income on loans to banks is mainly due to the amortisation of and the interest received on the Fortis Bank Tier 1 loan acquired in 2011 and recalled in 2012 (see also Note 7).

24 Result on sales and revaluations

Result on sales and revaluations are broken down as follows:

	First half-year 2012	First half-year 2011
Debt securities classified as available for sale	134.4	35.2
Equity securities classified as available for sale	3.2	37.9
Derivatives held for trading	(28.9)	(6.0)
Investment property	14.1	
Capital gain (losses) on sale of shares of subsidiaries	(2.3)	
Property, plant and equipment	0.2	0.2
Assets and liabilities held at fair value through profit or loss	18.5	20.6
Hedging results	0.1	(0.2)
Other	132.1	0.6
Total result on sales and revaluations	**271.4**	**88.3**

In the context of ongoing uncertainties in the financial markets Ageas reduced the concentration on Southern European government bonds in its investment portfolio during the year, as well as rebalanced the portfolio in other asset classes. The rebalancing of the portfolio resulted in capital gains and losses within the debt securities classified as available for sale, equity securities classified as available for sale, as well as in derivatives held for trading.

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

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

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

In 2012, the line Other relates mainly to the realised gain on the Tier 1 being EUR 128.5 million (see also Note 7) triggered by the call of the Tier 1 loan.

25 Insurance claims and benefits

The details of Insurance claims and benefits are shown in the table below.

	First half-year 2012	First half-year 2011
Life insurance	3,387.5	3,159.4
Non-life insurance	1,388.3	1,129.5
General account and eliminations	(0.3)	(2.2)
Total insurance claims and benefits, net	**4,775.5**	**4,286.7**

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

	First half-year 2012	First half-year 2011
Benefits and surrenders, gross	2,523.2	2,541.0
Change in liabilities arising from insurance and investment contracts, gross	893.7	642.8
Total Life insurance claims and benefits, gross	**3,416.9**	**3,183.8**
Reinsurers' share of claims and benefits	(29.4)	(24.4)
Total Life insurance claims and benefits, net	**3,387.5**	**3,159.4**

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

	First half-year 2012	First half-year 2011
Claims paid, gross	1,236.9	1,088.3
Change in liabilities arising from insurance contracts, gross	186.6	83.1
Total Non-life insurance claims and benefits, gross	**1,423.5**	**1,171.4**
Reinsurers' share of change in liabilities	(2.0)	(5.6)
Reinsurers' share of claims paid	(33.1)	(36.3)
Total Non-life insurance claims and benefits, net	**1,388.3**	**1,129.5**

26 Finance costs

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

	First half-year 2012	First half-year 2011
Finance costs		
Debt certificates	5.3	11.7
Subordinated liabilities	77.1	77.9
Borrowings - due to banks	20.0	27.4
Borrowings - due to customers		3.7
Other borrowings	3.9	4.6
Derivatives	5.8	8.3
Other liabilities	18.5	22.8
Total finance costs	**130.6**	**156.4**

27 Change in impairments

The Change in impairments is as follows:

	First half-year 2012	First half-year 2011
Change in impairments of:		
Investments in debt securities		328.8
Investments in equity securities and other	77.8	46.1
Investment property	(0.6)	(12.4)
Loans to customers	1.8	0.5
Reinsurance and other receivables	1.0	(0.4)
Property, plant and equipment		(1.4)
Goodwill and other intangible assets		1.7
Total change in impairments	**80.0**	**362.9**

Notes on segment reporting

28 Information on segments

28.1 General information

Ageas has an organisational structure based on a lean Executive Committee and a Management Committee consisting of the ExCo, the CEOs of the four geographical regions and the CRO.

Operating segments

Ageas is organised into five operating segments (for details see below):
- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- General Account.

Ageas decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, meaning Belgium, United Kingdom, Continental Europe and Asia. In addition, Ageas reports activities not related to the core insurance business such as group finance and other holding activities within the General Account that is presented as a separate operating segment.

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

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

Allocation rules

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

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

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

28.2 Belgium

The Belgian insurance activities, operating since June 2009 under the name of AG Insurance, have a longstanding history. The company serves approximately 2.5 million customers and its premium inflow until 30 June amounts to EUR 3.3 billion. Some 70% of this income comes from Life insurance; the remainder from Non-life insurance. AG Insurance is also a 100% owner of AG Real Estate, which manages its real estate activities and has grown into the largest real estate group in Belgium.

AG Insurance targets private individuals as well as small, medium-sized and large companies. It offers its customers a comprehensive range of Life and Non-life insurance through various channels: more than 3,000 independent brokers and via the bank channels of BNP Paribas Fortis Bank and its subsidiaries. AG Employee Benefits is the dedicated business unit offering group pension and health care solutions, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis Bank owns 25% of AG Insurance.

28.3 United Kingdom (UK)

Ageas's business in the UK is a leading national provider of Non-life insurance solutions and a related Life protection business launched in 2008. The UK business has a strong presence in the Personal lines market and is continuing to expand its Commercial lines proposition. The split is around 82% Personal lines, 16% Commercial lines and 2% Life. The UK business is the affinity partner of a number of very strong brands including Tesco Bank, John Lewis Partnership, Age UK and Toyota (GB) Limited. The UK business adopts a multi-channel distribution strategy across brokers, affinity partners and own distribution. Its 100% owned subsidiaries include RIAS and Castle Cover which have over a million customers in the growing +50 age market segment and Ageas Insurance Solutions which provides white label solutions to affinity partners, outsourcing services as well as direct internet promotion of its own brands. The successful start-up of Tesco Underwriting, the partnership with Tesco Bank (49%) and the integration of the acquired business of Kwik-Fit Insurance Services will further strengthen Ageas's respective market positions in the UK.

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

28.4 Continental Europe

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

As at 30 June, about 70% of total inflows were Life related and 30% Non-life.

In Luxembourg, Ageas and BNP Paribas merged at the end of 2011 their respective Luxembourg Life operations into Cardif Luxembourg Vie, the second largest Luxembourg provider of Life insurance. Furthermore, since August 2011 Ageas has become the Non-life insurance partner of Sabanci in Turkey, acquiring a 31% stake in Aksigorta. Since then both Sabanci and Ageas have further increased their stakes in the company (each owning 35.9 % at 30 June).

28.5 Asia

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

28.6 General Account

The General Account comprises activities not related to the core Insurance business, such as group finance and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the call option on BNP Paribas shares, the liabilities related to CASHES (RPN(I)), the written put option on NCI and Intreinco N.V.

28.7 Statement of financial position by operating segment

30 June 2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	928.8	337.7	249.6	68.8	1,114.1		2,699.0
Financial investments	47,072.1	2,622.4	7,677.2	1,586.5	100.1	(12.3)	59,046.0
Investment property	2,169.9		23.8	0.4			2,194.1
Loans	3,301.3	37.2	260.3	134.5	2,703.3	(1,205.1)	5,231.5
Investments related to unit-linked contracts	5,724.3		6,713.8	478.9		(56.4)	12,860.6
Investments in associates	119.6		282.1	834.3	875.8	9.0	2,120.8
Reinsurance and other receivables	902.0	768.8	206.2	64.3	4.7	(5.6)	1,940.4
Current tax assets	118.8	7.1					125.9
Deferred tax assets	18.5	3.1	97.7		39.8		159.1
Call option BNP Paribas shares					117.0		117.0
Accrued interest and other assets	1,396.4	436.4	271.7	247.0	43.6	(14.0)	2,381.1
Property, plant and equipment	1,034.3	64.5	5.7	3.4	1.5		1,109.4
Goodwill and other intangible assets	356.2	317.6	492.6	424.4			1,590.8
Assets held for sale							
Total assets	**63,142.2**	**4,594.8**	**16,280.7**	**3,842.5**	**4,999.9**	**(1,284.4)**	**91,575.7**
Liabilities							
Liabilities arising from life insurance contracts	21,219.1		2,545.3	1,267.1		(3.0)	25,028.5
Liabilities arising from life investment contracts	23,473.6		4,425.5	1.0			27,900.1
Liabilities related to unit-linked contracts	5,724.3		6,714.4	478.8			12,917.5
Liabilities arising from non-life insurance contracts	3,333.0	2,651.9	659.9				6,644.8
Debt certificates					213.8		213.8
Subordinated liabilities	895.5	175.0	28.0		2,974.0	(1,100.3)	2,972.2
Borrowings	1,696.1	207.9	26.5	159.6	80.7	(161.2)	2,009.6
Current tax liabilities	53.4	39.0	43.4	7.6	0.3		143.7
Deferred tax liabilities	798.8	40.7	61.0		39.8		940.3
RPN(I)					174.0		174.0
Accrued interest and other liabilities	1,707.4	261.6	165.5	77.9	96.5	(19.5)	2,289.4
Provisions	15.8	1.1	10.9		11.9		39.7
Liability related to written put option on NCI					736.0		736.0
Liabilities related to assets held for sale							
Total liabilities	**58,917.0**	**3,377.2**	**14,680.4**	**1,992.0**	**4,327.0**	**(1,284.0)**	**82,009.6**
Shareholders' equity	3,074.0	1,103.4	1,081.8	1,850.5	1,697.6	(0.4)	8,806.9
Non-controlling interests	1,151.2	114.2	518.5		(1,024.7)		759.2
Total equity	**4,225.2**	**1,217.6**	**1,600.3**	**1,850.5**	**672.9**	**(0.4)**	**9,566.1**
Total liabilities and equity	**63,142.2**	**4,594.8**	**16,280.7**	**3,842.5**	**4,999.9**	**(1,284.4)**	**91,575.7**
Number of employees	**5,880**	**5,375**	**1,085**	**386**	**104**		**12,830**

31 December 2011	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	1,871.2	184.5	191.5	109.6	344.7		2,701.5
Financial investments	43,595.6	2,461.9	7,647.3	1,416.8	122.7	(12.9)	55,231.4
Investment property	2,020.9		24.4	0.4			2,045.7
Loans	2,879.0		392.4	136.5	3,490.1	(1,214.6)	5,683.4
Investments related to unit-linked contracts	5,894.3		6,528.0	401.0		(51.9)	12,771.4
Investments in associates	150.8		241.7	752.6	804.6	9.8	1,959.5
Reinsurance and other receivables	680.2	761.3	246.8	59.6	2,368.4	(5.2)	4,111.1
Current tax assets	118.7	6.7	1.7				127.1
Deferred tax assets	27.7	3.6	165.4		162.1		358.8
Call option BNP Paribas shares					395.0		395.0
Accrued interest and other assets	1,481.5	366.9	273.8	208.7	88.8	(33.5)	2,386.2
Property, plant and equipment	1,034.6	53.3	5.6	3.2	1.6		1,098.3
Goodwill and other intangible assets	357.5	312.7	504.9	419.2			1,594.3
Assets held for sale					138.5		138.5
Total assets	**60,112.0**	**4,150.9**	**16,223.5**	**3,507.6**	**7,916.5**	**(1,308.3)**	**90,602.2**
Liabilities							
Liabilities arising from life insurance contracts	20,720.5		2,471.5	1,181.3		(2.9)	24,370.4
Liabilities arising from life investment contracts	22,478.2		4,722.2	1.1			27,201.5
Liabilities related to unit-linked contracts	5,894.3		6,528.5	401.0			12,823.8
Liabilities arising from non-life insurance contracts	3,195.9	2,347.6	660.4				6,203.9
Debt certificates					256.7		256.7
Subordinated liabilities	894.6	161.2	28.0		2,980.5	(1,090.7)	2,973.6
Borrowings	1,787.9	197.3	233.6	155.4	78.7	(175.9)	2,277.0
Current tax liabilities	34.4	15.4	3.6	5.8			59.2
Deferred tax liabilities	361.6	53.1	65.7		134.2		614.6
RPN(I)					190.0		190.0
Accrued interest and other liabilities	1,426.6	284.2	159.1	75.9	186.8	(38.5)	2,094.1
Provisions	15.6	1.6	11.7		2,374.5		2,403.4
Liability related to written put option on NCI					655.8		655.8
Liabilities related to assets held for sale					110.5		110.5
Total liabilities	**56,809.6**	**3,060.4**	**14,884.3**	**1,820.5**	**6,967.7**	**(1,308.0)**	**82,234.5**
Shareholders' equity	2,380.8	1,007.5	929.3	1,687.1	1,755.9	(0.3)	7,760.3
Non-controlling interests	921.6	83.0	409.9		(807.1)		607.4
Total equity	**3,302.4**	**1,090.5**	**1,339.2**	**1,687.1**	**948.8**	**(0.3)**	**8,367.7**
Total liabilities and equity	**60,112.0**	**4,150.9**	**16,223.5**	**3,507.6**	**7,916.5**	**(1,308.3)**	**90,602.2**
Number of employees	**5,806**	**5,238**	**1,062**	**352**	**99**		**12,557**

28.8 Income statement by operating segment

First half-year 2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income* [1]	*3,433.3*	*1,140.2*	*530.4*	*127.7*		*(0.2)*	*5,231.4*
- *Change in unearned premiums*	*(75.7)*	*(53.4)*	*(11.4)*				*(140.5)*
- *Ceded earned premiums*	*(27.0)*	*(70.9)*	*(49.9)*	*(14.0)*			*(161.8)*
Net earned premiums	3,330.6	1,015.9	469.1	113.7		(0.2)	4,929.1
Interest, dividend and other investment income	1,225.2	35.7	150.0	38.7	123.3	(34.8)	1,538.1
Unrealised gain (loss) on Call option BNP Paribas shares					(278.0)		(278.0)
Unrealised gain (loss) on RPN(I) (incl. settlement on RPN(I)/CASHES)					(282.1)		(282.1)
Result on sales and revaluations	131.2	12.6	8.1	(3.7)	123.2		271.4
Income related to investments for unit-linked contracts	190.6		572.2	6.9			769.7
Share of result of associates	(3.3)		4.8	69.2	70.3	(0.2)	140.8
Fee and commission income	50.9	65.2	62.5	19.1			197.7
Other income	65.8	53.0	4.0	2.3	1.8	(7.7)	119.2
Total income	**4,991.0**	**1,182.4**	**1,270.7**	**246.2**	**(241.5)**	**(42.9)**	**7,405.9**
Expenses							
- *Insurance claims and benefits, gross*	*(3,509.4)*	*(752.4)*	*(479.3)*	*(99.2)*		*0.3*	*(4,840.0)*
- *Insurance claims and benefits, ceded*	*7.4*	*29.6*	*22.6*	*4.9*			*64.5*
Insurance claims and benefits, net	(3,502.0)	(722.8)	(456.7)	(94.3)		0.3	(4,775.5)
Charges related to unit-linked contracts	(198.0)		(549.0)	(9.9)			(756.9)
Finance costs	(52.6)	(6.8)	(2.3)	(9.6)	(93.9)	34.6	(130.6)
Change in impairments	(77.9)		(2.4)	0.1		0.2	(80.0)
Change in provisions		0.5	0.3		0.1		0.9
- *Impairment claims on ABN AMRO*					*(1,962.5)*		*(1,962.5)*
- *Release provision MCS conversion and Dutch State issues*					*2,362.5*		*2,362.5*
Total impact settlement ABN AMRO					400.0		400.0
Fee and commission expenses	(321.4)	(197.1)	(68.5)	(40.4)	(0.4)		(627.8)
Staff expenses	(225.1)	(111.2)	(34.1)	(15.3)	(7.3)	(0.1)	(393.1)
Other expenses	(296.3)	(67.1)	(55.4)	(0.9)	(25.9)	7.7	(437.9)
Total expenses	**(4,673.3)**	**(1,104.5)**	**(1,168.1)**	**(170.3)**	**272.6**	**42.7**	**(6,800.9)**
Result before taxation	**317.7**	**77.9**	**102.6**	**75.9**	**31.1**	**(0.2)**	**605.0**
Tax income (expenses)	(123.3)	(19.2)	(33.8)	(1.5)	(28.6)		(206.4)
Net result for the period	**194.4**	**58.7**	**68.8**	**74.4**	**2.5**	**(0.2)**	**398.6**
Attributable to non-controlling interests	50.8	7.8	35.3				93.9
Net result attributable to shareholders	**143.6**	**50.9**	**33.5**	**74.4**	**2.5**	**(0.2)**	**304.7**
Total income from external customers	4,984.5	1,182.4	1,270.7	244.2	(275.9)		7,405.9
Total income internal	6.5			2.0	34.4	(42.9)	
Total income	**4,991.0**	**1,182.4**	**1,270.7**	**246.2**	**(241.5)**	**(42.9)**	**7,405.9**
Non-cash expenses (excl. depreciation & amortisation)	(142.7)		(72.7)	(0.1)			(215.5)

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

First half-year 2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	3,433.3	1,140.2	530.4	127.7		(0.2)	5,231.4
Inflow deposit accounting	149.0		249.9	73.9			472.8
Gross inflow	**3,582.3**	**1,140.2**	**780.3**	**201.6**		**(0.2)**	**5,704.2**

First half-year 2011	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income* [1]	*3,070.4*	*1,015.9*	*658.0*	*107.0*	*(0.7)*	*(0.2)*	*4,850.4*
- *Change in unearned premiums*	*(73.8)*	*(310.3)*	*(11.0)*				*(395.1)*
- *Ceded earned premiums*	*(32.5)*	*(46.8)*	*(51.7)*	*(10.8)*	*0.1*		*(141.7)*
Net earned premiums	2,964.1	658.8	595.3	96.2	(0.6)	(0.2)	4,313.6
Interest, dividend and other investment income	1,212.2	29.7	186.8	29.1	114.1	(35.3)	1,536.6
Unrealised gain (loss) on Call option BNP Paribas shares					85.0		85.0
Unrealised gain (loss) on RPN(I)					(118.0)		(118.0)
Result on sales and revaluations	85.7	1.5	(1.6)	3.0	(0.3)		88.3
Income related to investments for unit-linked contracts	(20.8)		93.3	(0.4)			72.1
Share of result of associates	4.1			43.2	(55.6)	0.2	(8.1)
Fee and commission income	48.4	60.4	92.9	19.2			220.9
Other income	63.5	48.8	2.6	2.2	0.8	(6.3)	111.6
Total income	**4,357.2**	**799.2**	**969.3**	**192.5**	**25.4**	**(41.6)**	**6,302.0**
Expenses							
- *Insurance claims and benefits, gross*	*(3,155.2)*	*(516.0)*	*(601.4)*	*(82.6)*	*(4.4)*	*0.2*	*(4,359.4)*
- *Insurance claims and benefits, ceded*	*0.6*	*39.0*	*24.2*	*2.5*	*6.4*		*72.7*
Insurance claims and benefits, net	(3,154.6)	(477.0)	(577.2)	(80.1)	2.0	0.2	(4,286.7)
Charges related to unit-linked contracts	20.4		(86.6)	(0.5)			(66.7)
Finance costs	(53.8)	(8.9)	(2.1)	(6.9)	(119.7)	35.0	(156.4)
Change in impairments	(297.8)		(64.6)	(0.3)	(0.2)		(362.9)
Change in provisions	(1.1)	1.3	(0.4)		(40.0)		(40.2)
- *Impairment claims on ABN AMRO*							
- *Release provision MCS conversion and Dutch State issues*							
Total impact settlement ABN AMRO							
Fee and commission expenses	(314.4)	(150.8)	(94.1)	(32.7)	(0.8)		(592.8)
Staff expenses	(213.2)	(84.6)	(43.8)	(12.4)	(10.7)	(1.4)	(366.1)
Other expenses	(284.9)	(38.4)	(68.1)	(4.7)	(24.8)	6.3	(414.6)
Total expenses	**(4,299.4)**	**(758.4)**	**(936.9)**	**(137.6)**	**(194.2)**	**40.1**	**(6,286.4)**
Result before taxation	**57.8**	**40.8**	**32.4**	**54.9**	**(168.8)**	**(1.5)**	**15.6**
Tax income (expenses)	(24.0)	(10.6)	(12.3)	(1.2)			(48.1)
Net result for the period	**33.8**	**30.2**	**20.1**	**53.7**	**(168.8)**	**(1.5)**	**(32.5)**
Attributable to non-controlling interests	10.7	(0.2)	16.4		(0.6)		26.3
Net result attributable to shareholders	**23.1**	**30.4**	**3.7**	**53.7**	**(168.2)**	**(1.5)**	**(58.8)**
Total income from external customers	4,351.0	799.2	969.3	190.6	(8.1)		6,302.0
Total income internal	6.2			1.9	33.5	(41.6)	
Total income	**4,357.2**	**799.2**	**969.3**	**192.5**	**25.4**	**(41.6)**	**6,302.0**
Non-cash expenses (excl. depreciation & amortisation)	(298.2)		(103.0)	(0.8)	(40.0)		(442.0)

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

First half-year 2011	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	3,070.4	1,015.9	658.0	107.0	(0.7)	(0.2)	4,850.4
Inflow deposit accounting	188.9		823.4	50.4			1,062.7
Gross inflow	**3,259.3**	**1,015.9**	**1,481.4**	**157.4**	**(0.7)**	**(0.2)**	**5,913.1**

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

30 June 2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	1,207.8	328.4	48.8	1,114.1		2,699.0
Financial investments	52,408.8	6,549.4		100.1	(12.3)	59,046.0
Investment property	1,982.7	211.4				2,194.1
Loans	3,551.9	181.4	119.9	2,703.3	(1,325.0)	5,231.5
Investments related to unit-linked contracts	12,917.0				(56.4)	12,860.6
Investments in associates	926.3	309.7		875.8	9.0	2,120.8
Reinsurance and other receivables	700.2	1,032.7	319.2	4.7	(116.4)	1,940.4
Current tax assets	96.4	26.9	2.6			125.9
Deferred tax assets	86.7	29.4	3.2	39.8		159.1
Call option BNP Paribas shares				117.0		117.0
Accrued interest and other assets	1,846.2	496.6	12.2	43.6	(17.6)	2,381.1
Property, plant and equipment	941.9	148.5	17.5	1.5		1,109.4
Goodwill and other intangible assets	1,109.2	175.1	306.5			1,590.8
Assets held for sale						
Total assets	**77,775.1**	**9,489.5**	**829.9**	**4,999.9**	**(1,518.7)**	**91,575.7**
Liabilities						
Liabilities arising from life insurance contracts	25,031.5				(3.0)	25,028.5
Liabilities arising from life investment contracts	27,900.1					27,900.1
Liabilities related to unit-linked contracts	12,917.5					12,917.5
Liabilities arising from non-life insurance contracts		6,644.8				6,644.8
Debt certificates				213.8		213.8
Subordinated liabilities	838.5	256.6	123.4	2,974.0	(1,220.3)	2,972.2
Borrowings	1,725.9	203.6	160.5	80.7	(161.2)	2,009.6
Current tax liabilities	82.9	54.2	6.2	0.3		143.7
Deferred tax liabilities	798.2	98.6	3.7	39.8		940.3
RPN(I)				174.0		174.0
Accrued interest and other liabilities	1,599.3	561.9	165.7	96.5	(133.9)	2,289.4
Provisions	16.2	11.6	0.1	11.9		39.7
Liability related to written put option on NCI				736.0		736.0
Liabilities related to assets held for sale						
Total liabilities	**70,910.1**	**7,831.3**	**459.6**	**4,327.0**	**(1,518.4)**	**82,009.6**
Shareholders' equity	5,530.6	1,208.7	370.3	1,697.6	(0.3)	8,806.9
Non-controlling interests	1,334.4	449.5		(1,024.7)		759.2
Total equity	**6,865.0**	**1,658.2**	**370.3**	**672.9**	**(0.3)**	**9,566.1**
Total liabilities and equity	**77,775.1**	**9,489.5**	**829.9**	**4,999.9**	**(1,518.7)**	**91,575.7**
Number of employees	**4,879**	**4,883**	**2,964**	**104**		**12,830**

31 December 2011	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	2,121.3	199.3	36.2	344.7		2,701.5
Financial investments	48,964.3	6,157.4		122.7	(13.0)	55,231.4
Investment property	1,844.2	201.5				2,045.7
Loans	3,266.2	141.8	41.3	3,490.1	(1,256.0)	5,683.4
Investments related to unit-linked contracts	12,823.3				(51.9)	12,771.4
Investments in associates	855.2	289.9		804.6	9.8	1,959.5
Reinsurance and other receivables	541.1	928.7	385.3	2,368.4	(112.4)	4,111.1
Current tax assets	113.7	13.3	0.1			127.1
Deferred tax assets	153.5	39.7	3.5	162.1		358.8
Call option BNP Paribas shares				395.0		395.0
Accrued interest and other assets	1,835.8	485.5	13.5	88.8	(37.4)	2,386.2
Property, plant and equipment	938.1	143.1	15.5	1.6		1,098.3
Goodwill and other intangible assets	1,115.3	179.3	299.7			1,594.3
Assets held for sale				138.5		138.5
Total assets	**74,572.0**	**8,779.5**	**795.1**	**7,916.5**	**(1,460.9)**	**90,602.2**
Liabilities						
Liabilities arising from life insurance contracts	24,373.3				(2.9)	24,370.4
Liabilities arising from life investment contracts	27,201.5					27,201.5
Liabilities related to unit-linked contracts	12,823.8					12,823.8
Liabilities arising from non-life insurance contracts		6,203.9				6,203.9
Debt certificates				256.7		256.7
Subordinated liabilities	821.2	184.8	119.2	2,980.5	(1,132.1)	2,973.6
Borrowings	2,025.5	183.7	165.0	78.7	(175.9)	2,277.0
Current tax liabilities	37.1	15.1	7.0			59.2
Deferred tax liabilities	410.2	65.7	4.5	134.2		614.6
RPN(I)				190.0		190.0
Accrued interest and other liabilities	1,334.4	509.9	212.7	186.8	(149.7)	2,094.1
Provisions	16.3	12.5	0.1	2,374.5		2,403.4
Liability related to written put option on NCI				655.8		655.8
Liabilities related to assets held for sale				110.5		110.5
Total liabilities	**69,043.3**	**7,175.6**	**508.5**	**6,967.7**	**(1,460.6)**	**82,234.5**
Shareholders' equity	4,506.6	1,211.5	286.6	1,755.9	(0.3)	7,760.3
Non-controlling interests	1,022.1	392.4		(807.1)		607.4
Total equity	**5,528.7**	**1,603.9**	**286.6**	**948.8**	**(0.3)**	**8,367.7**
Total liabilities and equity	**74,572.0**	**8,779.5**	**795.1**	**7,916.5**	**(1,460.9)**	**90,602.2**
Number of employees	**4,764**	**4,664**	**3,030**	**99**		**12,557**

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

First half-year 2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income* [1]	*2,955.0*	*2,276.6*			*(0.2)*	*5,231.4*
- *Change in unearned premiums*		*(140.5)*				*(140.5)*
- *Ceded earned premiums*	*(48.5)*	*(113.3)*				*(161.8)*
Net earned premiums	2,906.5	2,022.8			(0.2)	4,929.1
Interest, dividend and other investment income	1,322.6	135.8	(6.9)	123.3	(36.7)	1,538.1
Unrealised gain (loss) on Call option BNP Paribas shares				(278.0)		(278.0)
Unrealised gain (loss) on RPN(I) (incl. settlement on RPN(I)/CASHES)				(282.1)		(282.1)
Result on sales and revaluations	107.5	40.7		123.2		271.4
Income related to investments for unit-linked contracts	769.7					769.7
Share of result of associates	63.8	6.9		70.3	(0.2)	140.8
Fee and commission income	121.5	14.2	89.0		(27.0)	197.7
Other income	45.1	41.9	47.9	1.8	(17.5)	119.2
Total income	**5,336.7**	**2,262.3**	**130.0**	**(241.5)**	**(81.6)**	**7,405.9**
Expenses						
- *Insurance claims and benefits, gross*	*(3,416.9)*	*(1,423.4)*			*0.3*	*(4,840.0)*
- *Insurance claims and benefits, ceded*	*29.4*	*35.1*				*64.5*
Insurance claims and benefits, net	(3,387.5)	(1,388.3)			0.3	(4,775.5)
Charges related to unit-linked contracts	(756.9)					(756.9)
Finance costs	(58.3)	(9.3)	(5.7)	(93.9)	36.6	(130.6)
Change in impairments	(73.6)	(6.6)			0.2	(80.0)
Change in provisions	1.0	(0.2)		0.1		0.9
- *Impairment claims on ABN AMRO*				*(1,962.5)*		*(1,962.5)*
- *Release provision MCS conversion and Dutch State issues*				*2,362.5*		*2,362.5*
Total impact settlement ABN AMRO				400.0		400.0
Fee and commission expenses	(251.4)	(402.9)		(0.4)	26.9	(627.8)
Staff expenses	(181.3)	(150.3)	(54.1)	(7.3)	(0.1)	(393.1)
Other expenses	(239.3)	(130.1)	(60.1)	(25.9)	17.5	(437.9)
Total expenses	**(4,947.3)**	**(2,087.7)**	**(119.9)**	**272.6**	**81.4**	**(6,800.9)**
Result before taxation	**389.4**	**174.6**	**10.1**	**31.1**	**(0.2)**	**605.0**
Tax income (expenses)	(122.7)	(52.5)	(2.6)	(28.6)		(206.4)
Net result for the period	**266.7**	**122.1**	**7.5**	**2.5**	**(0.2)**	**398.6**
Attributable to non-controlling interests	61.3	32.6				93.9
Net result attributable to shareholders	**205.4**	**89.5**	**7.5**	**2.5**	**(0.2)**	**304.7**
Total income from external customers	5,320.2	2,260.2	56.4	(230.9)		7,405.9
Total income internal	16.5	2.1	73.6	(10.6)	(81.6)	
Total income	**5,336.7**	**2,262.3**	**130.0**	**(241.5)**	**(81.6)**	**7,405.9**
Non-cash expenses (excl. depreciation & amortisation)	(186.1)	(29.4)				(215.5)

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

First half-year 2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	2,955.0	2,276.6			(0.2)	5,231.4
Inflow deposit accounting	472.8					472.8
Gross inflow	**3,427.8**	**2,276.6**			**(0.2)**	**5,704.2**

First half-year 2011	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income* [1]	*2,728.0*	*2,123.3*		*(0.7)*	*(0.2)*	*4,850.4*
- *Change in unearned premiums*		*(395.1)*				*(395.1)*
- *Ceded earned premiums*	*(45.3)*	*(96.5)*		*0.1*		*(141.7)*
Net earned premiums	2,682.7	1,631.7		(0.6)	(0.2)	4,313.6
Interest, dividend and other investment income	1,337.9	128.7	(7.7)	114.1	(36.4)	1,536.6
Unrealised gain (loss) on Call option BNP Paribas shares				85.0		85.0
Unrealised gain (loss) on RPN(I)				(118.0)		(118.0)
Result on sales and revaluations	79.2	9.4		(0.3)		88.3
Income related to investments for unit-linked contracts	72.1					72.1
Share of result of associates	38.4	9.0		(55.6)	0.1	(8.1)
Fee and commission income	151.6	10.5	84.2		(25.4)	220.9
Other income	45.1	31.6	46.5	0.8	(12.4)	111.6
Total income	**4,407.0**	**1,820.9**	**123.0**	**25.4**	**(74.3)**	**6,302.0**
Expenses						
- *Insurance claims and benefits, gross*	*(3,183.8)*	*(1,171.4)*		*(4.4)*	*0.2*	*(4,359.4)*
- *Insurance claims and benefits, ceded*	*24.4*	*41.9*		*6.4*		*72.7*
Insurance claims and benefits, net	(3,159.4)	(1,129.5)		2.0	0.2	(4,286.7)
Charges related to unit-linked contracts	(66.7)					(66.7)
Finance costs	(57.0)	(8.0)	(7.9)	(119.7)	36.2	(156.4)
Change in impairments	(346.3)	(16.4)		(0.2)		(362.9)
Change in provisions	1.0	(1.2)		(40.0)		(40.2)
- *Impairment claims on ABN AMRO*						
- *Release provision MCS conversion and Dutch State issues*						
Total impact settlement ABN AMRO						
Fee and commission expenses	(264.5)	(352.9)		(0.8)	25.4	(592.8)
Staff expenses	(178.8)	(127.6)	(47.6)	(10.7)	(1.4)	(366.1)
Other expenses	(246.3)	(103.6)	(52.3)	(24.8)	12.4	(414.6)
Total expenses	**(4,318.0)**	**(1,739.2)**	**(107.8)**	**(194.2)**	**72.8**	**(6,286.4)**
Result before taxation	**89.0**	**81.7**	**15.2**	**(168.8)**	**(1.5)**	**15.6**
Tax income (expenses)	(20.9)	(23.3)	(3.9)			(48.1)
Net result for the period	**68.1**	**58.4**	**11.3**	**(168.8)**	**(1.5)**	**(32.5)**
Attributable to non-controlling interests	16.6	10.3		(0.6)		26.3
Net result attributable to shareholders	**51.5**	**48.1**	**11.3**	**(168.2)**	**(1.5)**	**(58.8)**
Total income from external customers	4,391.1	1,819.2	100.0	(8.3)		6,302.0
Total income internal	15.9	1.7	23.0	33.7	(74.3)	
Total income	**4,407.0**	**1,820.9**	**123.0**	**25.4**	**(74.3)**	**6,302.0**
Non-cash expenses (excl. depreciation & amortisation)	(384.9)	(17.1)		(40.0)		(442.0)

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

First half-year 2011	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	2,728.0	2,123.3		(0.7)	(0.2)	4,850.4
Inflow deposit accounting	1,062.7					1,062.7
Gross inflow	**3,790.7**	**2,123.3**		**(0.7)**	**(0.2)**	**5,913.1**

28.11 Technical result insurance

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

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

Realised and unrealised gains and losses on investments recognised in the income statement, which back the insurance liabilities of the various branches and that are not allocated to the technical result, are included in the operating margin.

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

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

The technical results for the different segments and lines of business and their reconciliation with profit before taxation are shown below.

First half-year 2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	2,642.2	38.4	545.6	201.6		(0.2)	3,427.6
Gross inflow Non-life	940.1	1,101.8	234.7				2,276.6
Operating costs	(237.9)	(106.2)	(72.6)	(21.0)			(437.7)
Life technical result	170.8	(1.1)	60.1	15.5			245.3
- *Accident & Health*	*25.5*	*0.2*	*16.9*				*42.6*
- *Motor*	*21.2*	*55.9*	*6.5*				*83.6*
- *Fire and other damage to property*	*(1.7)*	*(5.2)*	*4.5*				*(2.4)*
- *Other*	*(0.5)*		*3.7*				*3.2*
Non-Life technical result	44.5	50.9	31.6				127.0
Total technical result	**215.3**	**49.8**	**91.7**	**15.5**			**372.3**
Capital gains (losses) allocated to operating margin	47.7	9.2	0.3	1.0			58.2
Operating margin	**263.0**	**59.0**	**92.0**	**16.5**			**430.5**
Share of result of associates	(3.3)		4.8	69.2	70.3	(0.2)	140.8
Other result, including brokerage	58.0	18.9	5.8	(9.8)	(39.2)		33.7
Result before taxation	**317.7**	**77.9**	**102.6**	**75.9**	**31.1**	**(0.2)**	**605.0**
Key performance indicators							
Expense ratio	36.7%	25.8%	27.5%				30.6%
Claims ratio	63.1%	73.0%	61.0%				67.7%
Combined ratio	99.8%	98.8%	88.5%				98.3%
Life cost ratio in % of Life FUM (annualised)	0.38%		0.51%	2.55%			0.51%
Funds under management [1]	53,750.0	2,651.9	14,345.1	1,746.9		(3.0)	72,490.9

1) *Funds under management represents the total of Insurance liabilities for insurance and investment contracts both Life and Non-life.*

First half-year 2011	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	2,361.2	22.1	1,250.0	157.4		(0.2)	3,790.5
Gross inflow Non-life	898.1	993.8	231.4		(0.7)		2,122.6
Operating costs	(228.5)	(76.1)	(92.4)	(16.7)			(413.7)
Life technical result	109.3	(2.1)	16.5	14.3			138.0
- *Accident & Health*	*17.1*	*(0.5)*	*13.1*				*29.7*
- *Motor*	*21.2*	*22.9*	*0.6*				*44.7*
- *Fire and other damage to property*	*(10.4)*	*(2.9)*	*2.0*				*(11.3)*
- *Other*	*9.3*	*0.7*	*(2.1)*				*7.9*
Non-Life technical result	37.2	20.2	13.6				71.0
Total technical result	**146.5**	**18.1**	**30.1**	**14.3**			**209.0**
Capital gains (losses) allocated to operating margin	(64.7)	1.1	(0.9)	2.5			(62.0)
Operating margin	**81.8**	**19.2**	**29.2**	**16.8**			**147.0**
Share of result of associates	4.1			43.2	(55.6)	0.2	(8.1)
Other result, including brokerage	(28.1)	21.6	3.2	(5.1)	(113.2)	(1.7)	(123.3)
Result before taxation	**57.8**	**40.8**	**32.4**	**54.9**	**(168.8)**	**(1.5)**	**15.6**
Key performance indicators							
Expense ratio	36.6%	27.0%	29.3%				32.0%
Claims ratio	63.4%	74.2%	67.3%				68.1%
Combined ratio	100.0%	101.2%	96.6%				100.1%
Life cost ratio in % of Life FUM (annualised)	0.38%		0.57%	2.42%			0.50%
Funds under management [1]	51,835.4	1,930.7	15,670.1	1,381.0		(2.7)	70,814.5

1) *Funds under management represents the total of Insurance liabilities for insurance and investment contracts both Life and Non-life.*

Claims ratio : the cost of claims, net of reinsurance, as a percentage of net earned premiums, excluding the internal costs of handling claims.

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

Combined ratio : the sum of the claims ratio and the expense ratio.

Ageas reviewed the calculation methodology of the combined ratios and decided to bring the calculation more in line with market practice for Non-Life products with discounted insurance liabilities in Disability and Workmen’s Compensation. This change is especially impacting the Belgian segment. As of this year the unwind of the discount has been excluded from the claims ratio. Comparable data has been restated accordingly with a positive impact on the overall combined ratio in the past quarter of 0.9%.

29 Contingent liabilities

29.1 Contingent liabilities related to legal procedures

Like any other financial institution, Ageas 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 occurred in respect of the former Fortis group between May 2007 and October 2008 (a.o. acquisition of parts of ABN AMRO and capital increase in October 2007, announcement of the accelerated 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 administrative and criminal investigations in Belgium and the Netherlands.

In all of these proceedings and investigations, Ageas denies and will continue to challenge all allegations of wrongdoing. However, if these actions against Ageas were to be successful, they could eventually result in substantial monetary consequences for Ageas. Today though it is not possible to assess the outcome of these actions, or to quantify future Ageas' liabilities should they be successful.

Administrative proceedings initiated by market regulators in Belgium and the Netherlands

In the Netherlands:
On 5 February 2010, the AFM ("Autoriteit Financiële Markten") levied a fine on each of ageas SA/NV and ageas N.V. of EUR 288,000 for breaches of the Dutch Securities Act ('Wet op het financieel toezicht'). The AFM alleges that on 5 June 2008 certain statements would have been incorrect or misleading in respect of the solvency situation of Fortis and that on 14 June 2008 Fortis should have made public that the required EC remedies would imply that the financial objectives for 2008 and later could not be achieved without additional measures. This might imply that, for the period of 5 to 25 June 2008, investors may allege to have traded on not fully correct information. Ageas challenges any allegations of wrongdoing. After rejection of the administrative appeal, Ageas has appealed the decision of the AFM before the District Court in Rotterdam. On 4 May 2011 the District Court of Rotterdam confirmed the decision of the AFM. Ageas has filed an appeal against this decision with the competent court in the Netherlands.

On 19 August 2010, the AFM levied an additional fine on each of ageas SA/NV and ageas N.V. of EUR 144,000 for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing. After rejection of the administrative appeal, Ageas has appealed this decision of the AFM before the District Court in Rotterdam. On 9 February 2012, the District Court of Rotterdam confirmed the decision of the AFM. Ageas has filed an appeal against this decision with the competent court in the Netherlands.

In Belgium:
The Belgian Financial Services and Markets Authority ("FSMA") initiated an investigation on Fortis' external communications concerning the implementation of its solvency plan and its solvency outlook during the second quarter of 2008. On 12 April 2012, the FSMA Management Board forwarded the auditor's investigation report to its Sanctions Committee. The Committee will eventually decide on whether a fine must be imposed on Ageas.

Criminal investigation in Belgium

In Belgium, a criminal investigation is ongoing on the events mentioned above in the introduction to this 29.1 chapter.

Any negative findings of these administrative proceedings and/or the criminal investigation may affect pending legal proceedings and/or could lead to new legal proceedings against Ageas, including claims for compensatory damages.

Legal proceedings initiated by shareholders or associations of shareholders

These proceedings, both in Belgium and in the Netherlands, (i) are (in)directly related to the transactions in September/October 2008, or (ii) 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.

In the Netherlands:
On 16 August 2010, VEB (Vereniging van Effectenbezitters - Association of Shareholders) and certain other parties filed a request with the Ondernemingskamer (Enterprise Division of the Court of Appeal) in Amsterdam (i) to start legal proceedings aiming at establishing that certain facts mentioned in the Ondernemingskamer's investigation report[1] should be deemed 'mismanagement' ('wanbeleid') by Fortis, and (ii) to annul the release granted to Fortis N.V. directors on 29 April 2008.

On 5 April 2012 the Ondernemingskamer partly rejected, but at the same time partly upheld, the VEB requests thereby stating that there was mismanagement in certain matters. As a result, the Ondernemingskamer nullified the decision of the general shareholders' meeting of Fortis N.V. to release the Board of Directors for its management during 2007, to the extent that the release related to the communication on the subprime portfolio in the prospectus and in the trading update. Ageas filed an appeal against this decision with the Dutch Supreme Court.

On 19 January 2011, the VEB initiated proceedings before the Amsterdam District Court seeking a ruling that various Fortis communications between September 2007 and 3 October 2008 constituted a breach of law by Fortis and by certain of its 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 financial institutions which acted as global coordinators and lead managers during the capital increase) that the information provided in the 24 September 2007 prospectus for the 9 October 2007 capital increase on Fortis' position in and exposure to the subprime situation, was incorrect and incomplete.

1 *Investigation report commissioned by the Enterprise Division and published on 16 June 2010. It can be consulted on Ageas' website: http://www.ageas.com/Documents/NL_final_report_dutch_investigation_20100616.pdf*

Stichting FortisEffect and a series of individuals represented by Meester De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their claim to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages.

A series of individuals represented by Meester Bos demand damages on grounds of alleged Fortis miscommunication during 2008. On 15 February 2012, the Court of Utrecht decided 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 judgement by the Court of Utrecht was filed with the Appeal Court of Arnhem.

On 7 July 2011, 'Stichting Investor Claims Against Fortis' ("SICAF"), a 'Stichting' (Foundation) under Dutch law, brought an 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 of its financial advisors) that the information provided in the 24 September 2007 prospectus for the 9 October 2007 rights issue on Fortis' position in and exposure to the subprime situation was incorrect and incomplete.

In Belgium:
On 28 January 2009, a series of individuals represented by Meester Modrikamen brought an action before the Commercial Court of Brussels initially demanding for 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 i.a. decided that it was not competent to judge on actions against the Dutch defendants. On 26 April 2011, Meester Modrikamen filed (i) an appeal against the aforementioned decision on competence, and (ii) a trial brief on the merits regarding the sale of Fortis Bank. The claim now focuses on damages claimed from the Dutch State, DNB, SFPI and BNP Paribas;

On 13 January 2010, a series of individuals associated with Deminor International brought an action before the Commercial Court of Brussels, seeking damages based on alleged lack of or misleading information by Fortis during the period from May 2007 to October 2008. These proceedings are still pending.

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, ageas SA/NV and ageas N.V., 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 Commercial Court of Brussels 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 judgement.

Hold harmless undertakings

In 2008, the Fortis parent companies 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.

General observations

Taking into account that none of the experts appointed by the Courts has raised arguments that could substantiate or justify an annulment of (part of) the decisions taken by the Fortis Board of Directors in September/October 2008 and of the resulting agreements and transactions, and that the Amsterdam District Court in two judgments of 18 May 2011 dismissed the claims of VEB/Deminor and Stichting FortisEffect respectively with regard to these transactions, the Ageas management considers it unlikely that any of the proceedings described in this chapter 29.1 would result in the annulment of these transactions.

Nevertheless, without prejudice to any specific comment made above in this chapter 29.1, given the various stages, the continuously evolving nature and the inherent uncertainties and complexity of the current proceedings and investigations described herein, Ageas' management is not in a position to assess the merits or 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.

For this reason, no provisions have been set aside yet. But Ageas will make provisions if and when, in the opinion of management, consulting with its legal advisors, it considers that, for these matters it is likely that payments will need to be made by Ageas and that the relevant amounts can be reasonably 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' financial position. Such consequences remain unquantifiable at this stage.

Taking into account the conclusions reached by certain judicial decisions referred to above in this chapter 29.1, the underwriters of the Directors &Officers and of the Public Offering of Securities Insurance policies, that insure the potential risks of Ageas and its directors and executives at stake under the liability claims subject of the various pending proceedings an investigations, have expressed their view that these conclusions could lead to a loss of coverage under the relevant policies. Ageas disagrees with this view that is now under discussion with the insurers.

29.2 Contingent liabilities for hybrid instruments of former subsidiaries

Ageas's former operating entities issued a number of hybrid instruments that have created a contingent liability for ageas N.V. and ageas SA/NV, because these former parent companies acted as guarantor, co-obligor or provided support agreements. The following chapters describe the contingent liabilities linked to these instruments.

1. CASHES

CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) represented 12,000 securities for a total nominal amount of EUR 3 billion, issued by Fortis Bank SA/NV, with ageas SA/NV and ageas N.V. acting as co-obligors. Fortis Bank SA/NV pays the coupon, in quarterly arrears, at a variable rate of 3 month Euribor + 2.0%, up to the exchange of the securities for Ageas shares.

The securities have no maturity date and cannot be repaid in cash: they can only be exchanged into Ageas shares. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 35.91 on twenty consecutive stock exchange business days (the closing share price at year end 2011 amounted to EUR 1.20). The securities can also be exchanged at the discretion of the security holders at a price of EUR 23.94 per share. At 31 December 2011, Fortis Bank SA/NV owned 125,313,283 Ageas shares, which do not have any dividend or voting rights, for the purpose of the potential exchange.

In January 2012, BNP Paribas launched a tender offer on the CASHES securities at a price of 47.5% and subsequently exchanged 7,553 tendered CASHES securities for 78,874,241 underlying Ageas shares. The tender and subsequent exchange was part of a broader agreement that Ageas reached with Fortis Bank SA/NV and BNP Paribas (see subsequent events in section 56 of the Ageas Consolidated Financial Statements 2011); Ageas paid EUR 287 million indemnity to BNP Paribas for the 63% exchange. The exchanged shares became entitled to dividend and voting right.

As a result of this transaction, the nominal amount of CASHES outstanding decreased to EUR 1,112 million, for which Fortis Bank SA/NV continues to hold 46,439,042 shares.

Ageas agreed to indemnify BNP Paribas on the same conditions as stated in the reached agreement within a period of 2 years, if BNP Paribas would acquire and convert additional CASHES out of the 37% CASHES that remain outstanding. Ageas also agreed to pay an annual indemnity to Fortis Bank SA/NV that equals the grossed up dividend on the shares that Fortis Bank SA/NV holds.

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 Fortis Bank SA/NV holds; these shares are pledged in favour of such holders.

In the event that dividends on the Ageas shares would not be paid, 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 and ageas N.V. in accordance with the so called Alternative Coupon Settlement Method (ACSM), while Fortis Bank 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 and ageas N.V. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV and ageas N.V. to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

2. Fortis Bank SA/NV Tier 1 debt securities 2004

Fortis Bank SA/NV issued EUR 1,000 million perpetual securities in 2004, which benefit from a support agreement entered into by the former Fortis parent companies now ageas SA/NV and ageas N.V., at an interest rate of 4.625% until 27 October 2014 and 3 month Euribor + 1.70% thereafter.

Under the parental support agreement if Fortis Bank's solvency drops below the threshold level or if Fortis Bank SA/NV so elects, the coupon will be settled through the issue of ordinary shares by ageas SA/NV and ageas N.V. in accordance with a so-called Alternative Coupon Settlement Method (ACSM), for which Fortis Bank would need to compensate ageas SA/NV and ageas N.V. by issuing new shares.

29.3 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. (see also Note 2 on Acquisitions and disposals).

30 Events after the date of the statement of financial position

On 6 Augst Ageas announced that, based on shareholder authorization granted at the end of April 2012, it has decided to initiate a share buy-back programme of its outstanding common stock for a maximum amount of up to EUR 200 million.[1]

Recently Ageas and ABN AMRO reached a settlement, amongst others to compensate Ageas for the 106.7 million shares it issued in December 2010 for the conversion of the Mandatory Convertible Securities, which were recorded as a liability on ABN AMRO's balance sheet. At the time, ABN AMRO did not compensate Ageas for this share-issuance and Ageas's shareholders therefore suffered dilution. Now that an indemnity has been paid, Ageas has decided to launch a share buy-back programme of maximum EUR 200 million to mitigate this dilution.

Ageas will launch the buy-back programme as of 13 August 2012 for a period ending on 19 February 2013 at the latest.

1 *Currently, Ageas owns approximately 1.7% of its own shares (mainly shares related to the Floating Rate Equity-linked Subordinated Hybrids (FRESH)). The maximum buy-back of 10% of issued share capital authorized by the shareholders will not be exceeded.*

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 half-year of 2012 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 half-year of 2012 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 herein has no omissions likely to modify significantly the scope of any statements made. In addition the Report of the Board of Directors for the first half-year of 2012 includes the information required pursuant to section 5:25d subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

The Board of Directors reviewed the Ageas Consolidated Interim Financial Statements for the first half-year of 2012 on 3 August 2012 and authorised their issue.

Brussels/Utrecht, 3 August 2012

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Directors	Frank Arts
	Ronny Brückner
	Shaoliang Jin
	Bridget McIntyre
	Roel Nieuwdorp
	Lionel Perl
	Belén Romana
	Jan Zegering Hadders

Review report

To the Board of Directors of ageas SA/NV and ageas N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Ageas which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement and consolidated statements of comprehensive income for six and three month period then ended, changes in equity and cash flows for the six month period then ended, and the notes. 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

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed 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 2012 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

We draw attention to note 29 to the condensed consolidated interim financial information for the six months period ended 30 June 2012 in which is described that Ageas is involved in a number of legal proceedings as well as administrative and criminal investigations in connection with certain events and developments having occurred between May 2007 and October 2008, some of which could result in financial liabilities for the company. However, the ultimate outcome of these matters cannot presently be determined. Our opinion is not qualified in respect of this matter.

Amstelveen, 3 August 2012
KPMG ACCOUNTANTS N.V

Represented by
W.G. Bakker RA

Brussels, 3 August 2012
KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises

Represented by
M. Lange
Bedrijfsrevisor/Réviseur déntreprises