



Consolidated Interim Financial Statements

for the first nine months of 2011

ageas®

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



Report of the
Board of Directors of Ageas

Report of the Board of Directors of Ageas

Results and developments

Ageas reported for the first nine months a Group net loss of EUR 534 million including a net loss of EUR 209 million for the Insurance operations, and a net loss of EUR 325 million in the General Account. The capital buffer remained strong and in line with previous quarters with shareholders' equity further increasing versus the first half 2011.

The Insurance net result after non-controlling interests amounts to EUR 209 million negative compared to a net profit of EUR 334 million last year. Due to the current financial markets, Ageas has decided to further impair all outstanding Greek debt to reflect the fair value at the end of September leading to a net impairment charge year-to-date to EUR 503 million. Following the additional impairment charge, the Greek sovereign bonds are recorded on average at 38% of the amortized cost.

Non-Life activities are strong and showing improvement, particularly in the UK. In Belgium, the good results in Motor were somewhat masked by the impact of adverse weather events, while the Combined ratio levels have improved on last year and are in line with the first half of 2011.

The General Account's result amounted to EUR 325 million negative year-to-date. The main driver is the fair value adjustment of the RPN(I) and the call option on BNP Paribas shares, including the valuation impact of the acquired Fortis Tier 1 Debt Securities. Year-to-date the net negative impact of the fair value adjustments related to the legacy issues amounted to EUR 258 million. Total operational expenses remained fairly stable compared to last year at EUR 38 million year-to-date.

Further streamlining insurance activities

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

Contingent liabilities

Please refer to note 28 for the entire section of 'Contingent liabilities'. No material new elements emerged since the publication of Ageas's annual report on the 17 March 2011.

Dividend

The General meetings of shareholders approved the adoption of a gross dividend of EUR 0.08 per ageas Unit (approximately EUR 197 million in total). This equals a payout ratio of 50% of the 2010 insurance profits. The dividend is payable as from 31 May 2011.

Ageas Board of Directors and Executive Committee

On 27 and 28 April 2011 the respective General meetings of shareholders of ageas SA/NV and ageas N.V. approved the nomination of Mr. Ronny Bruckner as non executive director until the end of the Ordinary General Meetings of Shareholders in 2014 and the re-appointment as independent non-executive members of the Board of Directors of the companies, of:

- ◆ Mr. Frank Arts, for a period of two years, until the close of the Ordinary General Meetings of Shareholders in 2013;
- ◆ Mr. Shaoliang Jin, for a period of two years, until the close of the Ordinary General Meetings of Shareholders in 2013;
- ◆ Mr. Roel Nieuwdorp, for a period of three years, until the close of the Ordinary General Meetings of Shareholders in 2014;
- ◆ Mr. Guy de Selliers de Moranville, for a period of four years, until the close of the Ordinary General Meetings of Shareholders in 2015;
- ◆ Mr. Lionel Perl, for a period of four years, until the close of the Ordinary General Meetings of Shareholders in 2015;
- ◆ Mr. Jan Zegering Hadders, for a period of four years, until the close of the Ordinary General Meetings of Shareholders in 2015;
- ◆ Mr. Jozef De Mey as a non-executive member of the Board of Directors of the company, for a period of four years, until the close of the Ordinary General Meetings of Shareholders in 2015.

Outlook

For the financial year 2011, we expect total annual inflows close to the levels of 2010 as Non-Life activities compensate to a large extent the lower inflows in Life. With respect to the financial performance, the impact of the impairments combined with the current situation in the financial markets means we are unable to maintain the earlier provided outlook and it remains difficult to provide any updated forecast for the 2011 net result. Nevertheless, based on the strength of the Statement of Financial Position and the net cash position, and taking into account the profitability of our insurance activities – excluding impairments – we expect that Ageas will be in a position to propose to shareholders a dividend payment for the financial year 2011.

Brussels/Utrecht, 8 November 2011

Board of Directors



Consolidated Interim Financial Statements for the first nine months of 2011

Consolidated statement of financial position

	Note	30 September 2011	31 December 2010
Assets			
Cash and cash equivalents	5	2,533.2	3,258.3
Financial investments	6	55,437.4	56,232.5
Investment property	6	1,991.1	1,900.3
Loans	7	5,645.5	4,528.2
Investments related to unit-linked contracts		12,964.4	21,747.3
Investments in associates		1,795.1	1,732.5
Reinsurance and other receivables	9	4,351.6	3,828.5
Current tax assets		43.7	71.5
Deferred tax assets	18	331.6	465.1
Call option BNP Paribas shares	10	361.2	609.0
Accrued interest and other assets		2,190.5	2,042.5
Property, plant and equipment		1,094.5	1,065.0
Goodwill and other intangible assets		1,689.8	1,686.0
Assets held for sale		8,223.8	
Total assets		98,653.4	99,166.7
Liabilities			
Liabilities arising from life insurance contracts	11	24,142.2	23,938.4
Liabilities arising from life investment contracts	12	27,015.2	26,913.8
Liabilities related to unit-linked contracts	13	12,994.3	21,830.9
Liabilities arising from non-life insurance contracts	14	6,029.3	5,448.6
Debt certificates	15	260.0	548.9
Subordinated liabilities	16	2,948.4	2,926.9
Borrowings	17	2,189.7	2,141.7
Current tax liabilities		103.7	46.4
Deferred tax liabilities	18	782.0	682.3
RPN(I)	19	145.0	465.0
Accrued interest and other liabilities		2,178.6	1,947.0
Provisions	20	2,405.4	2,407.6
Liabilities related to assets held for sale		7,960.5	
Total liabilities		89,154.3	89,297.5
Shareholders' equity	3	7,927.5	8,247.1
Non-controlling interests		1,571.6	1,622.1
Total equity		9,499.1	9,869.2
Total liabilities and equity		98,653.4	99,166.7

Consolidated income statement

	Note	First nine months 2011	First nine months 2010	Third quarter 2011	Third quarter 2010
Income					
- Gross premium income ¹⁾		7,020.4	7,329.1	2,170.0	2,215.2
- Change in unearned premiums		(453.8)	(132.5)	(58.7)	11.8
- Ceded earned premiums		(212.0)	(183.0)	(70.3)	(60.1)
Net earned premiums	21	6,354.6	7,013.6	2,041.0	2,166.9
Interest, dividend and other investment income	22	2,291.4	2,246.2	754.8	733.6
Unrealised gain (loss) on Call option BNP Paribas shares		(247.8)	(44.0)	(332.8)	77.0
Unrealised gain (loss) on RPN(I)		320.0	(180.0)	438.0	(156.0)
Result on sales and revaluations	23	(67.0)	45.6	(155.3)	97.2
Investment income related to unit-linked contracts		(1,059.1)	820.1	(1,131.2)	617.9
Share of result of associates		(70.7)	226.3	(62.6)	178.0
Fee and commission income		326.0	313.6	105.1	108.2
Other income		199.5	166.0	87.9	69.2
Total income		8,046.9	10,607.4	1,744.9	3,892.0
Expenses					
- Insurance claims and benefits, gross		(6,307.6)	(7,221.3)	(1,948.2)	(2,198.7)
- Insurance claims and benefits, ceded		95.4	104.3	22.7	49.3
Insurance claims and benefits, net	24	(6,212.2)	(7,117.0)	(1,925.5)	(2,149.4)
Charges related to unit-linked contracts		1,081.4	(805.9)	1,148.1	(634.1)
Finance costs	25	(235.7)	(223.0)	(79.3)	(79.4)
Change in impairments	26	(1,255.6)	(59.8)	(892.7)	(35.8)
Change in provisions	20	0.4	2.3	40.6	(0.2)
Fee and commission expense		(875.6)	(779.1)	(282.8)	(256.2)
Staff expenses		(548.8)	(513.8)	(182.7)	(178.9)
Other expenses		(666.4)	(625.4)	(251.8)	(231.6)
Total expenses		(8,712.5)	(10,121.7)	(2,426.1)	(3,565.6)
Profit before taxation		(665.6)	485.7	(681.2)	326.4
Income tax expenses		31.8	259.8	79.9	(85.7)
Net profit for the period		(633.8)	745.5	(601.3)	240.7
Attributable to non-controlling interests		(100.1)	99.9	(126.4)	50.1
Net profit attributable to shareholders		(533.7)	645.6	(474.9)	190.6
Per share data (EUR)					
Basic earnings per share		(0.21)	0.26		
Diluted earnings per share		(0.21)	0.26		

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

	First nine months 2011	First nine months 2010	Third quarter 2011	Third quarter 2010
Gross premium income	7,020.4	7,329.1	2,170.0	2,215.2
Inflow deposit accounting (directly recognised as liability)	1,403.0	1,919.4	340.3	621.4
Gross inflow	8,423.4	9,248.5	2,510.3	2,836.6

Consolidated statement of comprehensive income

	<i>First</i> <i>nine months 2011</i>	<i>First</i> <i>nine months 2010</i>	<i>Third</i> <i>quarter 2011</i>	<i>Third</i> <i>quarter 2010</i>
Net profit attributable to shareholders	(533.7)	645.6	(474.9)	190.6
<i>Changes in revaluation of investments</i>				
Reclass revaluation investments available for sale to held to maturity, gross	(178.4)			
Related tax	44.6			
Reclass revaluation investments available for sale to held to maturity, net	(133.8)			
Change in amortisation of investments held to maturity, gross	7.4		5.7	
Related tax	(1.8)		(1.4)	
Change in investments held to maturity, net	(128.2)		4.3	
Change in revaluation of investments available for sale, gross	1,051.9	949.9	1,772.1	823.0
Related tax	(389.5)	(316.7)	(579.1)	(249.6)
Reclass revaluation investments available for sale to held to maturity, gross	178.4			
Related tax	(44.6)			
Reclass revaluation investments available for sale to held to maturity, net	133.8			
Change in revaluation of investments available for sale, net	796.2	633.2	1,193.0	573.4
Share of other comprehensive income of associates, gross	(39.2)	133.1	(38.6)	48.0
Related tax				
Share of other comprehensive income of associates, net	(39.2)	133.1	(38.6)	48.0
Change in revaluation of investments, gross	1,020.1	1,083.0	1,739.2	871.0
Related tax	(391.3)	(316.7)	(580.5)	(249.6)
Change in revaluation of investments, net	628.8	766.3	1,158.7	621.4
Change in foreign exchange differences, gross	(37.1)	113.7	120.6	(173.8)
Related tax		(0.2)	(0.5)	0.7
Change in foreign exchange differences, net	(37.1)	113.5	120.1	(173.1)
Other comprehensive income for the period, net of tax	591.7	879.8	1,278.8	448.3
Revaluation of investments attributable to non-controlling interests	96.0	107.8	267.9	134.6
Foreign exchange differences attributable to non-controlling interests	(0.4)		3.0	
Attributable to shareholders	496.1	772.0	1,007.9	313.7
Total comprehensive income for the period, attributable to shareholders	(37.6)	1,417.6	533.0	504.3

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net profit attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2010	2,114.0	14,278.4	(9,871.0)	(71.1)	1,209.8	770.9	8,431.0	1,654.0	10,085.0
Net profit for the period					645.6		645.6	99.9	745.5
Revaluation of investments						658.5	658.5	107.8	766.3
Foreign exchange differences				113.5			113.5		113.5
Total non-owner changes in equity				113.5	645.6	658.5	1,417.6	207.7	1,625.3
Transfer			1,209.8		(1,209.8)				
Dividend			(188.1)				(188.1)	(1.4)	(189.5)
Increase of capital									
Treasury shares			0.3				0.3		0.3
Other changes in equity			(11.3)				(11.3)	6.2	(5.1)
Balance at 30 September 2010	2,114.0	14,278.4	(8,860.3)	42.4	645.6	1,429.4	9,649.5	1,866.5	11,516.0
Balance at 1 January 2011	2,203.6	14,394.7	(8,877.4)	81.9	223.1	221.2	8,247.1	1,622.1	9,869.2
Net profit for the period					(533.7)		(533.7)	(100.1)	(633.8)
Revaluation of investments						532.8	532.8	96.0	628.8
Foreign exchange differences				(36.7)			(36.7)	(0.4)	(37.1)
Total non-owner changes in equity				(36.7)	(533.7)	532.8	(37.6)	(4.5)	(42.1)
Transfer			223.1		(223.1)				
Dividend			(196.6)				(196.6)	(49.5)	(246.1)
Increase of capital									
Treasury shares			(91.5)				(91.5)		(91.5)
Share based compensation		2.6					2.6		2.6
Other changes in equity			3.5				3.5	3.5	7.0
Balance at 30 September 2011	2,203.6	14,397.3	(8,938.9)	45.2	(533.7)	754.0	7,927.5	1,571.6	9,499.1

Consolidated cash flow statement

	First nine months 2011	First nine months 2010
Profit before taxation	(665.6)	485.7
<i>Adjustments to non-cash items included in profit before taxation:</i>		
Call option BNP Paribas shares	247.8	44.0
RPN(I)	(320.0)	180.0
Result on sales and revaluations	66.9	12.1
Share of profits in associates	70.7	(226.3)
Depreciation, amortisation and accretion	500.3	433.5
Impairments	1,255.7	59.8
Provisions	(0.4)	(2.3)
Share-based compensation expense	2.6	3.3
<i>Changes in operating assets and liabilities:</i>		
Derivatives held for trading (assets and liabilities)	(37.0)	35.6
Loans	(1,120.9)	(1,455.5)
Reinsurance and other receivables	(500.3)	30.8
Investments related to unit-linked contracts	1,606.6	(1,314.5)
Borrowings	55.2	(941.0)
Liabilities arising from insurance and investment contracts	1,489.2	3,322.6
Liabilities related to unit-linked contracts	(1,637.4)	1,333.2
Net changes in all other operational assets and liabilities	(421.6)	(946.0)
Dividend received from associates	7.7	5.0
Income tax paid	(89.9)	(89.5)
Cash flow from operating activities	509.6	970.5
Purchases of financial investments	(14,342.3)	(19,891.5)
Proceeds from sales and redemptions of financial investments	14,452.9	17,680.1
Purchases of investment property	(124.3)	(77.1)
Proceeds from sales of investment property		140.6
Purchases of property, plant and equipment	(59.7)	(27.2)
Proceeds from sales of property, plant and equipment	0.6	40.0
Acquisition of subsidiaries and associates	(260.4)	(311.7)
Divestments of subsidiaries and associates (including cash in assets held for sale)	(243.1)	57.3
Purchases of intangible assets	(14.1)	(6.3)
Cash flow from investing activities	(590.4)	(2,395.8)
Payment of debt certificates	(287.1)	(257.7)
Proceeds from the issuance of other borrowings	1.2	14.4
Payment of other borrowings	(18.6)	(44.4)
Purchases of treasury shares	(91.5)	
Proceeds from sales of treasury shares		0.3
Dividends paid to shareholders of the parent companies	(196.6)	(195.7)
Dividends paid to non-controlling interests	(49.5)	(1.4)
Repayment of capital (including minority interests)		0.3
Cash flow from financing activities	(642.1)	(484.2)
Effect of exchange rate differences on cash and cash equivalents	(2.2)	8.5
Net increase (decrease) of cash and cash equivalents	(725.1)	(1,901.0)
Cash and cash equivalents as at 1 January	3,258.3	5,635.7
Cash and cash equivalents as at 30 September	2,533.2	3,734.7
Supplementary disclosure of operating cash flow information		
Interest received	2,026.0	1,864.5
Dividend received from financial investments	59.7	36.9
Interest paid	(273.5)	(328.5)



General Notes

1 Summary accounting policies and principles of consolidation

1.1 Basis of accounting

The Ageas Consolidated Interim Financial Statements for the first nine months of 2011, including the 2010 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 nine months of 2011 should be read in conjunction with the audited Ageas Consolidated Financial Statements 2010 (including the accounting policies) which are available at: <http://ar.ageas.com/>.

1.2 Changes in accounting policies

The accounting policies used to prepare the Consolidated Interim Financial Statements for the first nine months of 2011 are consistent with those applied in the Ageas Consolidated Financial Statements for the year ended 31 December 2010.

The following relevant new or revised standards, interpretations and amendments to standards and interpretations have become effective on January 1st, 2011 (and are endorsed by the EU):

IAS 1 Presentation of financial statements (amendment)

The amendment clarifies that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

IAS 24 Related-party disclosures (amendment)

The definition of a related party has been amended to remove inconsistencies and to make it simpler to apply. Some entities will be required to make additional disclosures under this new definition. The entities that are most likely to be affected are those that are part of a group that includes both subsidiaries and associates, and entities with shareholders that are involved with other entities. For example, a subsidiary is now required to disclose transactions with an associate of its parent. Similarly, disclosure is required of transactions between two entities where both entities are joint ventures (or one is an associate and the other is a joint venture) of a third entity. In addition, an entity that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity.

IAS 27 Consolidated and separate financial statements (amendment)

It states that loss of control over a subsidiary, the loss of significant influence over an associate and loss of joint control over a jointly controlled entity are similar events and should therefore be accounted for similarly. Such an event should be recognised and measured at fair value and any gain or loss is recognised in the profit or loss.

IAS 32 Financial Instruments: Presentation (amendment)

The IASB recognised that classifying foreign-currency-denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities was not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore created an exception to the 'fixed for fixed' rule in IAS 32 and required rights issues within the scope of the amendment to be classified as equity. Rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of equity. Unlike derivative liabilities, equity instruments are not subsequently re-measured at fair value through profit or loss. The accounting is therefore less complex, and there is less volatility in profit or loss.

IAS 34 Interim Financial Reporting (amendment)

Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurements (if significant), and the need to update relevant information from the most recent annual report.

IFRS 3 Business Combinations (amendment)

Contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008) are accounted for in accordance with the guidance in the previous version of IFRS 3 (as issued in 2004). This amendment clarifies that the guidance in IAS 39, IAS 32 and IFRS 7 will not apply to contingent consideration arising from business combinations with an effective date prior to the application of the revised version of IFRS 3.

The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent 'present' ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless IFRS requires another measurement basis. This amendment will reduce diversity in practice and provides clearer guidance on how to measure non-controlling interests.

The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. IFRS 3 did not previously provide guidance for situations where the acquirer does not have an obligation to replace an award but replaces an existing acquiree award that would otherwise have continued unchanged after the acquisition. This amendment addresses this gap in the previous guidance. The amendment made to IFRS 3 results in the accounting for these awards being the same as for awards that the acquirer is obliged to replace.

IFRS 7 Financial Instruments: Disclosures (amendment)

Amendments to IFRS 7 concerning 'Nature and extent of risks arising from financial instruments'. These are amendments to the disclosure of financial assets, including the financial effect of collateral held as security.

IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction (IAS 19) (amendment)

This amendment only applies to companies that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. Those affected are companies that have a defined benefit pension plan that is subject to a minimum funding requirement and have prepaid (or expect to prepay) the minimum funding requirement in respect of future employee service, leading to a pension surplus. Such entities should reconsider their accounting in the light of the revised guidance to determine whether an asset for the pre-paid contributions should be recognised.

IFRIC 19 Extinguishing financial liabilities with equity instruments

IFRIC 19 considers that equity instruments issued to settle a liability represent 'consideration paid'. It therefore requires a gain or loss to be recognised separately in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. This is consistent with the general approach of the derecognition of financial liabilities established by IAS 39. The amount of the gain or loss recognised in profit or loss is determined as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments cannot be reliably measured, the fair value of the existing financial liability is used to measure the gain or loss and to record issued equity instruments.

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 table below.

30 September 2011

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

For more detailed information on the application of these estimates, reference is made to the applicable notes in the Consolidated Financial Statements 2010.

1.4 Segment reporting

The primary format for reporting segment information is based on operating segments. Ageas's reportable operating segments represent groups of assets and operations engaged in providing financial products or services, which are subject to different risks and returns and whose operating results are regularly reviewed by the CEO.

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

- ◆ Belgium
- ◆ United Kingdom
- ◆ 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 will report activities not related to the core insurance business such as group finance and other holding activities within the General Account that will be 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.

Segment information is prepared based on the same accounting policies as those used in preparing and presenting Ageas's Consolidated Interim Financial Statements for the first nine months and by applying appropriate allocation rules.

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

1.5 Scope of consolidation

The Consolidated Interim Financial Statements for the first nine months 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 2011 and 2010. 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 2011

2.1.1 Aksigorta A.Ş

Ageas has closed a deal with Hacı Ömer Sabancı Holding A.Ş. ('Sabancı'), 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 Sabancı of half of its stake in the company. Following the transaction, Sabancı and Ageas have equal shareholdings in Aksigorta. The remaining shares (38%) will continue to be traded on the Istanbul Stock Exchange. As part of the transaction, Ageas has paid Sabancı 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. Total inflow for August and September was EUR 65.8 million (Ageas share EUR 20.4 million) and net profit EUR 3.8 million (Ageas share EUR 1.2 million).

2.1.2 Castle Cover Limited

Ageas acquired Castle Cover Limited for a total consideration of GBP 54.6 million (EUR 62.5 million). Castle Cover is a UK based intermediary specialising in the over 50's insurance sector. The initial goodwill amounts to EUR 52.2 million while the intangible assets amount to EUR 8.8 million. Castle Cover is included in the consolidation scope as of the first quarter 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	Accrued interest and other liabilities	17
Property, plant and equipment	1		
Deferred charges and other assets	1		
Goodwill and intangible assets	61		
		Total liabilities	18
		Cost Price	63
Total Assets	81	Total liabilities and cost price	81

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 a net loss of EUR 0.2 million, including amortisation of intangible assets of EUR 1.1 million.

2.1.3 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).

2.2 Disposals in 2011

2.2.1 Intreinco N.V.

Ageas announced on 23 June 2011 that it has entered into an agreement to transfer all of the run-off business of Intreinco N.V. (Intreinco), the former reinsurance captive of the Fortis Group, to Swiss Re. Between 2000 and 2008, Intreinco has underwritten reinsurance liabilities of current and former Ageas insurance subsidiaries, including AG Insurance SA/NV, Ageas Insurance Ltd, Amlin Corporate Insurance N.V. and ASR Schadeverzekering N.V. Intreinco has not underwritten any new business since 2009. The completion of the transaction is subject to certain approvals and is expected to be finalized before year end 2011.

The assets and liabilities of Intreinco N.V. are in accordance with with IFRS classified as assets and liabilities held for sale.

2.2.2 Ageas Deutschland Lebensversicherung AG

Ageas has signed an agreement with Augur Capital for the sale of its German Life activities. The transaction is subject to regulatory approval and is expected to close by year-end 2011. The transaction is likely to result in a capital loss for Ageas that is accounted for in the General Account in the third quarter results amounting to EUR 13.0 million and included in the line Result on sales and revaluations.

2.2.3 Fortis Luxembourg Vie

Ageas Insurance International (Ageas) and BGL BNP Paribas (BGL BNPP), which hold 50% each of the shares in Fortis Luxembourg Vie, have signed an agreement with BNP Paribas Cardif, parent company of Cardif Lux International to merge their activities. This agreement will allow the newly merged entity to distribute life and protection insurance products in the Luxembourg market. Shareholdings in this entity are divided as follows: Ageas 33.33%, BGL BNP Paribas 33.33% and BNP Paribas Cardif 33.34%. The assets and liabilities of Fortis Luxembourg Vie are in accordance with IFRS classified as assets and liabilities held for sale from Q2, 2011 onwards. The completion of the transaction is subject to certain approvals and is expected to be finalized before year end 2011.

2.2.4 Details of assets and liabilities held for sale

The assets and liabilities of Intreinco N.V., Ageas Deutschland Lebensversicherung AG and Luxembourg Vie classified as held for sale can be detailed as follows:

Assets		Liabilities	
Cash & cash equivalents	253	Liabilities arising from insurance and investment contracts	643
Financial investments	673	Liabilities related to unit-linked contracts	7,170
Investments related to unit-linked contracts	7,170	Accrued interest and other liabilities	148
Accrued income and other assets	128		
		Total liabilities	7,961
		Equity	263
Total assets	8,224	Total liabilities and equity	8,224

2.3 Acquisitions in 2010

2.3.1 Kwik-Fit Insurance Services

On 2 July 2010, Ageas signed an agreement with PAI Partners to acquire Kwik-Fit Insurance Services (KFIS), a UK insurance intermediary servicing more than 600,000 customers, for a total consideration of EUR 260 million based on exchange rates at the acquisition date (GBP 215 million). The initial goodwill amounts to EUR 207 million while the intangible assets amount to EUR 20 million.

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	19	Current and deferred tax liabilities	9
Receivables	55	Accrued interest and other liabilities	45
Property, plant and equipment	9		
Accrued income and other assets	4		
Goodwill and intangible assets	227		
		Total liabilities	54
		Cost Price	260
Total Assets	314	Total liabilities and cost price	314

The acquired activities of Kwik-Fit Insurance Services (KFIS) generated a net profit of EUR 6.8 million, including amortisation of intangible assets of EUR 4.9 million in 2011.

KFIS is an insurance intermediary, which sells predominantly personal line insurance products directly to customers, primarily through the internet, leveraging the Kwik-Fit brand and two other brands owned by KFIS: 'The Green Insurance Company' and 'Express Insurance'.

2.3.2 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 2010. The largest ones are Venti M (a real estate fund acquired for 60% in the fourth quarter of 2010) and Metropark (parking business, acquired in the first quarter of 2010).

2.4 Disposals in 2010

2.4.1 Fortis Luxembourg Non-vie

On 6 October 2009, Ageas announced the sale of its Luxembourg Non-Life activities to La Bâloise, for a total consideration of EUR 23.0 million. The sale took effectively place in January 2010. The realised capital gain amounted to EUR 12.4 million.

2.4.2 Fortis Emeklilik ve Hayat (Pension and Life activities in Turkey)

Ageas sold its Pension and Life activities in Turkey to BNP Paribas Assurance in the last quarter of 2010. This transaction was closed on 12 October 2010 and resulted in a capital gain of EUR 8.5 million.

2.4.3 Fortis Life Insurance Ukraine

Ageas Insurance International sold Fortis Life Insurance Ukraine to US based investment company Horizon Capital. The transaction was closed on 17 November 2010 and resulted in a capital loss of EUR 13.9 million.

3 Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

	<i>Shares issued</i>	<i>Treasury shares</i>	<i>Shares outstanding</i>
Number of shares as at 31 December 2010	2,623,380,817	(40,508,465)	2,582,872,352
Balance (acquired)/sold		(70,812,008)	(70,812,008)
Number of shares as at 30 September 2011	2,623,380,817	(111,320,473)	2,512,060,344

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 the note on Contingent liabilities). The table below shows an overview of the shares issued and the potential number of shares as at 30 September 2011.

Number of shares as at 30 September 2011	2,623,380,817
Shares that may be issued:	
- in connection with option plans	24,547,266
Total potential number of shares as at 30 September 2011	2,647,928,083

The Board of Directors of Ageas is authorised by the annual shareholders' meetings to increase the capital through the issuance of 200 million shares of Ageas. In addition 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%.

Ageas announced in August 2011 that, based on the shareholders' authorization, it was decided 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 has mandated an independent broker to execute the programme through open market purchases on its behalf on NYSE Euronext Brussels and Amsterdam. The bought back shares will be held as treasury shares until such time a decision to cancel these securities is formally approved by the shareholders. As at 30 September 2011, Ageas has bought back 69,211,708 shares for a total amount of EUR 89,212,420. This corresponds to 2.6383% of the total shares outstanding.

Fortis Bank has 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 has acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of shares outstanding of Ageas). However, Fortis Bank 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 CASHES (see Earnings per share and note 28 Contingent liabilities).

The number of shares issued includes also shares that were issued related to the convertible instrument FRESH (39,682,540). 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 39,682,540 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 Earnings per share and note 16 Subordinated liabilities).

In the second quarter of 2011, Ageas created a restricted share program for its senior management. Dependent on the relative performance of the Ageas share in relation to a peer group over the next 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. Ageas has decided to hedge this commitment by purchasing the maximum number of shares to be awarded in the third quarter of 2011. Ageas acquired in the third quarter 1,615,000 shares for the restricted share program.

Earnings per share

The following table details the calculation of earnings per share.

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Net profit attributable to shareholders	(533.7)	645.6
Elimination of finance costs on convertible debt (net of tax impact)		
Net profit used to determine diluted earnings per share	(533.7)	645.6
Weighted average number of ordinary shares for basic earnings per share	2,578,007,155	2,475,118,033
Adjustments for:		
- restricted shares		107,475
Weighted average number of ordinary shares for diluted earnings per share	2,578,007,155	2,475,225,508
Basic earnings per share (in euro per share)	(0.21)	0.26
Diluted earnings per share (in euro per share)	(0.21)	0.26

In the third quarter of 2011 weighted average options on 24,547,266 shares (third quarter of 2010: 30,232,000) with a weighted average exercise prices of EUR 20.09 per share (third quarter of 2010: EUR 21.61) 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 2011, 39,682,540 Ageas shares (third quarter of 2010: 39,682,540) 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 125,313,283 (third quarter of 2010: 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 note 28 Contingent liabilities).

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. Ageas has restated the comparative figures for the year 2010 accordingly.

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

	<i>30 September 2011</i>	<i>31 December 2010</i>
Share capital and reserves	7,707.2	7,802.8
Net profit attributable to shareholders	(533.7)	223.1
Unrealised gains and losses	754.0	221.2
Shareholders' equity	7,927.5	8,247.1
Non-controlling interests	1,571.6	1,622.1
Total equity	9,499.1	9,869.2
Subordinated liabilities	2,948.4	2,926.9
Prudential filters		
Local required equalisation reserves for catastrophes	(130.9)	(113.6)
Pension adjustment	(23.4)	(14.1)
Revaluation of investment property, net of tax (at 90%)	729.7	562.0
Adjustment valuation of available for sale investments	(864.8)	(26.1)
Cash flow hedge	15.4	1.3
Goodwill	(866.1)	(819.9)
Other intangible assets	(398.5)	(406.4)
Expected dividend	-	(197.0)
Expected dividend, related to Call option BNP Paribas shares	(361.2)	(609.0)
Limitation subordinated debt to 50% of required solvency	(1,222.7)	(1,300.1)
Regulatory capital	9,325.0	9,873.0
Solvency ratio's		
Solvency requirements	3,451.4	3,253.3
Solvency excess	5,873.6	6,619.7
Solvency ratio	270.2%	303.5%

4.2 Ageas capital management

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

In the third quarter, 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 December 2010 figures have been restated resulting in a slight increase in solvency ratio from 227% to 232%, primarily due to including the equity associates on a proportional basis instead of fully deducting the investments from available solvency capital.

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. After the forced acquisition of the Fortis Bank 2001-2011 Tier 1 loan in the General Account (see note 7), the Discretionary Capital almost equalled the Net Cash position. Since the Net Cash notion is a common 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

At 30 September 2011, the total capital of the insurance operations stood at EUR 7.2 billion (31 December 2010: EUR 7.5 billion), 209.6% of the required minimum (31 December 2010: 232.0%). The solvency ratio of Belgium amounted to 176.1% (31 December 2010: 199.4%).

<i>30 September 2011</i>	<i>Belgium</i>	<i>UK</i>	<i>Continental Europe</i>	<i>Asia</i>	<i>Consolidation adjustments</i>	<i>Insurance total</i>	<i>General (incl. elim)</i>	<i>Total Ageas</i>
Total available capital	3,911.1	803.7	1,022.7	1,155.9	342.2	7,235.6	2,089.4	9,325.0
Minimum solvency requirements	2,221.0	349.2	508.1	373.1		3,451.4		3,451.4
Amount of total capital above minimum	1,690.1	454.5	514.6	782.8	342.2	3,784.2	2,089.4	5,873.6
Total solvency ratio	176.1%	230.2%	201.3%	309.8%		209.6%		270.2%

31 December 2010

Total available capital	4,312.6	658.1	1,183.0	1,130.9	254.9	7,539.5	2,333.5	9,873.0
Minimum solvency requirements	2,162.7	191.7	562.4	332.5		3,249.3	4.0	3,253.3
Amount of total capital above minimum	2,149.9	466.4	620.6	798.4	254.9	4,290.2	2,329.5	6,619.7
Total solvency ratio	199.4%	343.3%	210.3%	340.1%		232.0%		303.5%

Capital 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 2.1 billion (31 December 2010: EUR 2.3 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 at EUR 0.8 billion per 30 September 2011:

30 September 2011

Cash and cash equivalents	337
Due from banks short term	750
Due to banks short term	-
Debt certificates	(260)
Net cash position	827



Explanatory notes to the Consolidated statement of financial position

5 Cash and cash equivalents

Cash includes cash on hand, current accounts and other financial instruments at central banks with a term of less than three months from the date on which they were acquired. The composition of cash and cash equivalents is as follows:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Cash on hand	1.8	1.7
Due from banks	2,319.8	3,213.1
Other	211.6	43.5
Total cash and cash equivalents	2,533.2	3,258.3

The decrease in Due from banks is mainly explained by the acquisition of the Tier 1 loan from BNP Fortis Bank (EUR 953 million, see note 7) and the acquisition of Aksigorta A.Ş. (EUR 154 million). The line Other includes EUR 100.0 million (31 December 2010: EUR 11.1 million) relating to money market paper.

6 Investments

The composition of Financial investments is as follows:

	30 September 2011	31 December 2010
Financial investments		
- Held to maturity	506.5	
- Available for sale	56,046.3	56,133.7
- Held at fair value through profit or loss	190.6	210.3
- Derivatives held for trading	38.0	56.1
Total, gross	56,781.4	56,400.1
Impairments:		
- of investments available for sale	(1,344.0)	(167.6)
Total impairments	(1,344.0)	(167.6)
Total	55,437.4	56,232.5

In 2011 there were no material changes in the valuation methods (the 'level classification') of the investments.

6.1 Investments held to maturity

	30 September 2011			31 December 2010		
	Government bonds	Corporate debt securities	Total	Government bonds	Corporate debt securities	Total
Historical/amortised cost at recognition	481.4	18.0	499.4			
Amortisation	6.9	0.2	7.1			
Total investments held to maturity	488.3	18.2	506.5			
Fair value	430.0	15.6	445.6			

On 1 June 2011, Ageas reclassified in accordance with IFRS some investments from Available for sale to Held to maturity. The reclassification took place against the fair value of the investments as at 1 June. The difference between the fair value and the amortised cost, which amounts to EUR 178 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 amortization of the difference between the book value and the nominal value of the bonds leading to a very limited impact in the income statement.

The Government bonds that are classified as held to maturity are Portuguese Government bonds.

6.2 Investments available for sale

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

	<i>Historical/ amortised cost</i>	<i>Gross unrealised gains</i>	<i>Gross unrealised losses</i>	<i>Total gross</i>	<i>Impairments</i>	<i>Fair value</i>
30 September 2011						
Government bonds	32,647.0	1,786.3	(893.9)	33,539.4	(1,046.2)	32,493.2
Corporate debt securities	19,599.6	964.8	(455.4)	20,109.0	(5.2)	20,103.8
Structured credit instruments	420.2	16.1	(11.4)	424.9	(0.1)	424.8
Available for sale investments in debt securities	52,666.8	2,767.2	(1,360.7)	54,073.3	(1,051.5)	53,021.8
Private equities and venture capital	7.5		(0.3)	7.2	(0.6)	6.6
Equity securities	1,984.4	69.8	(93.7)	1,960.5	(291.9)	1,668.6
Other investments	5.3			5.3		5.3
Available for sale investments in equity securities and other investments	1,997.2	69.8	(94.0)	1,973.0	(292.5)	1,680.5
Total investments available for sale	54,664.0	2,837.0	(1,454.7)	56,046.3	(1,344.0)	54,702.3
31 December 2010						
Government bonds	32,841.9	824.1	(1,363.9)	32,302.1		32,302.1
Corporate debt securities	20,415.2	821.9	(334.8)	20,902.3	(2.5)	20,899.8
Structured credit instruments	426.3	16.8	(12.6)	430.5	(6.3)	424.2
Available for sale investments in debt securities	53,683.4	1,662.8	(1,711.3)	53,634.9	(8.8)	53,626.1
Private equities and venture capital	7.6	0.7		8.3	(1.3)	7.0
Equity securities	2,344.9	184.9	(45.8)	2,484.0	(157.5)	2,326.5
Other investments	6.5			6.5		6.5
Available for sale investments in equity securities and other investments	2,359.0	185.6	(45.8)	2,498.8	(158.8)	2,340.0
Total investments available for sale	56,042.4	1,848.4	(1,757.1)	56,133.7	(167.6)	55,966.1

Government bonds detailed by country of origin

Government bonds detailed by country of origin are as follows:

	<i>Historical/ amortised cost</i>	<i>Gross unrealised gains (losses)</i>	<i>Impairments</i>	<i>Fair value</i>
30 September 2011				
Belgian national government	13,540.1	461.6		14,001.7
Dutch national government	1,493.5	108.2		1,601.7
German national government	2,307.6	365.6		2,673.2
Italian national government	2,380.7	(337.2)		2,043.5
French national government	3,971.1	294.6		4,265.7
Great Britain national government	663.6	34.5		698.1
Greek national government	1,684.6		(1,046.2)	638.4
Spanish national government	1,180.0	(107.4)		1,072.6
Portuguese national government	719.4	(184.2)		535.2
Austrian national government	2,284.9	193.8		2,478.7
Finnish national government	267.8	22.2		290.0
Irish national government	560.4	(55.1)		505.3
Slovenian national government	229.3	1.4		230.7
Czech Republic national government	244.3	11.9		256.2
Slovakian national government	222.9	10.0		232.9
United States of America national government	289.8	79.0		368.8
Other national governments	607.0	(6.5)		600.5
Total	32,647.0	892.4	(1,046.2)	32,493.2

31 December 2010

Belgian national government	9,948.1	128.0		10,076.1
Dutch national government	1,288.2	48.0		1,336.2
German national government	2,628.8	149.9		2,778.7
Italian national government	3,683.4	(110.3)		3,573.1
French national government	4,069.6	92.4		4,162.0
Great Britain national government	600.4	12.8		613.2
Greek national government	1,832.0	(624.1)		1,207.9
Spanish national government	1,730.0	(129.0)		1,601.0
Portuguese national government	1,654.2	(142.4)		1,511.8
Austrian national government	2,543.2	81.4		2,624.6
Finnish national government	740.5	14.8		755.3
Irish national government	599.1	(109.7)		489.4
Slovenian national government	227.4	7.5		234.9
Czech Republic national government	346.3	12.5		358.8
Slovakian national government	211.6	9.5		221.1
United States of America national government	308.8	12.7		321.5
Other national governments	430.3	6.2		436.5
Total	32,841.9	(539.8)		32,302.1

Net unrealised gains and losses on Available for sale investments included in equity

	30 September 2011	31 December 2010
Available for sale investments in debt securities:		
Carrying amount	53,021.8	53,626.1
Gross unrealised gains and losses	1,406.5	(48.5)
- Related tax	(472.0)	4.5
Shadow accounting	(123.7)	(76.1)
- Related tax	53.7	22.0
Net unrealised gains and losses	864.5	(98.1)
Available for sale investments in equity securities and other investments:		
Carrying amount	1,680.5	2,340.0
Gross unrealised gains and losses	(24.2)	139.8
- Related tax	(7.2)	(18.9)
Shadow accounting	(8.5)	(19.1)
- Related tax	4.5	6.8
Net unrealised gains and losses	(35.4)	108.6

Available for sale investments in equity securities and other investments also include private equities and venture capital and all other investments, excluding debt securities.

6.3 Investments held at fair value through profit or loss

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

	30 September 2011	31 December 2010
Corporate debt securities	97.1	103.7
Structured credit instruments	81.8	96.3
Debt securities	178.9	200.0
Equity securities	11.7	10.3
Equity securities and other investments	11.7	10.3
Total investments held at fair value through profit or loss	190.6	210.3

6.4 Real estate

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

	<i>30 September 2011</i>	<i>31 December 2010</i>
Fair value:		
Investment property	2,754.6	2,455.4
Land and buildings held for own use	1,493.2	1,385.2
Total fair value	4,247.8	3,840.6
Carrying amount:		
Investment property	1,991.1	1,900.3
Land and buildings held for own use	1,012.1	974.4
Total carrying amount	3,003.2	2,874.7
Gross unrealised gain / loss	1,244.6	965.9
Taxation	(405.9)	(314.0)
Net unrealised gain / loss (not recognised in equity)	838.7	651.9

The increase in fair value of the investment property is driven by the lower expected transfer tax on Property.

7 Loans

The composition of Loans is as follows:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Loans to banks	2,962.2	2,068.8
Loans to customers	2,696.0	2,469.3
Total	5,658.2	4,538.1
Less impairments:		
- specific credit risk	(12.0)	(9.0)
- incurred but not reported (IBNR)	(0.7)	(0.9)
Total loans	5,645.5	4,528.2

7.1 Loans to banks

Loans to banks consist of the following:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Interest-bearing deposits	1,087.7	946.4
Subordinated loans	1,699.0	942.3
Reverse repurchase agreements	66.6	
Other	108.9	180.1
Total	2,962.2	2,068.8
Less impairments:		
- specific credit risk	(1.1)	(1.2)
Loans to banks	2,961.1	2,067.6

The subordinated loans consist of the following:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Nitsh I (USD 750 million)	564.5	571.2
Nitsh II	372.2	371.1
Fortis Bank 2011 Tier 1	762.3	
Total subordinated loans	1,699.0	942.3

Nitsh I and II are subordinated loans that are on-lend to BNP Paribas 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.

Ageas was obliged to exchange EUR 952.9 million redeemable perpetual cumulative coupon debt securities of BNP Paribas Fortis Bank on 26 September 2011 at par, after a non-call of these securities by BNP Paribas Fortis Bank and consent granted by the NBB for this exchange. The subordinated securities were originally issued in 2001 and carry an interest rate of 3 month Euribor +2.37% after the non call; the securities are callable at every quarterly coupon date after the first call date.

Due to the European debt crises, fear exists for a 'bail in' of subordinated bank securities in efforts to recapitalize banks, which made the market for these instruments completely illiquid. Although the BNP Paribas Fortis Bank 2001 Tier 1 securities have a market quotation, this market quotation did not provide a reasonable valuation for the first recognition of the securities on 26 September, 2011.

Ageas decided to determine the fair value of the securities by using valuation techniques based on a net present value calculation, using the 237 bps spread paid on these securities, the forward rate curve, observed spreads for similar BNP Paribas Fortis Bank/BNP Paribas Tier 1 instruments per 26 September, 2011 and the expected call date of the securities as most important inputs.

Ageas estimates that the yield to call at 26 September 2011, amounted to 13% and that the securities will be called early 2013, as Basel III grandfathering guidelines suggest that the securities will be excluded from regulatory capital as of 1 January 2013. After this exclusion the securities represent relatively expensive funding for BNP Paribas Fortis Bank, which further supports a call-expectation at that moment in time. Based on these parameters Ageas assumes that the fair value of the securities will amount to 88% of par value. However, to incorporate the current observed illiquidity and other discounts in the market for subordinated bank securities in the valuation, Ageas applied an additional mark down of 8% to 80%. With EUR 952.9 million par value of securities exchanged, the fair value of these securities is set at EUR 762.3 million.

The difference between the acquisition price and the amount of first recognition is recorded as a loss in the income statement in the line 'Result on sales and revaluations' (see note 23). This difference is expected to be reversed in the income statement over the coming quarters, via the effective interest method.

Sensitivity of valuation for the parameters used

This valuation is sensitive with regard to the above mentioned factors. The table below gives the impact on the valuation before taking into consideration the illiquidity in the market of the various combinations of maturity and discount rates.

Discount / Maturity	March 2013 ¹⁾	March 2014 ¹⁾	March 2015 ¹⁾	March 2016 ¹⁾
15%	86	78	72	67
14%	87	80	74	69
13%	88	82	76	72
12%	89	83	79	75
11%	90	85	81	77

¹⁾ % of nominal value.

7.2 Loans to customers

The composition of loans to customers is as follows:

	30 September 2011	31 December 2010
Government and official institutions	0.3	0.2
Residential mortgage	1,592.2	1,625.7
Consumer loans	7.7	5.4
Commercial loans	84.4	116.9
Policyholder loans	169.7	158.5
Other loans	841.7	562.6
Total	2,696.0	2,469.3
Less impairments:		
- specific credit risk	(10.9)	(7.8)
- incurred but not reported (IBNR)	(0.7)	(0.9)
Loans to customers	2,684.4	2,460.6

Other loans mainly relates to loans to regional authorities and Governmental organisations.

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 has requested RPI to draw up financial information based on Ageas IFRS accounting policies. RPI has recorded the acquisition of the portfolio, related funding and people and processes as a business combination under IFRS. At acquisition the asset portfolio is 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 2010: 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.

Using the above mentioned Ageas accounting principles per the end of each quarter, RPI performed an impairment test on the goodwill recognised by RPI on the acquisition of the loan portfolio and related funding. The outcome was that an impairment of EUR 586 million on goodwill was necessary in 2011. RPI reported an IFRS profit before goodwill impairment of EUR 271 million. Ageas accounted for a negative contribution of EUR 141 million (31 December 2010: EUR 131 million profit) to the net result, in line with our stake in RPI, and reported under 'share in result of associates'. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. All fair value movements flow through equity (first nine months of 2011: EUR 129 million of which EUR 58 million for Ageas). As a result of both events, Ageas's equity investment in RPI decreased from EUR 933 million end of 2010 to EUR 850 million.

At the end of the third quarter of 2011, the fair value of the investment portfolio under IFRS amounts to EUR 6.3 billion (31 December 2010: EUR 7.0 billion), the goodwill EUR 0.8 billion (31 December 2010: EUR 1.4 billion) and the deferred tax asset EUR 0.6 billion (31 December 2010: EUR 0.7 billion). The funding measured at amortised cost, amounts to EUR 6.4 billion (31 December 2010: EUR 7.1 billion) and the equity amounts to EUR 1.9 billion (31 December 2010: EUR 2.1 billion).

9 Reinsurance and other receivables

Included under Reinsurance and other receivables are 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. Ageas decided to 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 7 December 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 4 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 for the set up of a provision for disputes with the Dutch State (see also note 20 Provisions).

10 Call option BNP Paribas shares

Description of the options

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, after a lock-up period expired on 10 October 2010. Ageas also investigated various alternatives to monetise the options, but decided to move to a gradual exercise strategy in accordance with a disciplined methodology, once the options are in the money.

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 September 2011	31 December 2010
BNP Paribas shareprice	EUR 30.05	EUR 47.685
Strike price	EUR 66.672	EUR 66.672
Volatility	49%	33%
Dividend yield	8.76%	5.29%
Price per option up to 10 October 2016	EUR 4.260	EUR 7.180
Theoretical value of 121.2 million options	EUR 516 million	EUR 870 million
Estimated value, after adjustment for non standard features (30%)	EUR 361 million	EUR 609 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 the end of the third quarter of 2011 amounted to EUR 361 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% on 30 September 2011 results in a 47.20% decrease in the theoretical value of the option; an increase of the volatility by 10%, all other input variables equal, results in a 52.35% increase of the theoretical value. A decrease of the volatility by 5% on 30 September 2011 results in a 24.65% decrease in the theoretical value of the option; an increase of the volatility by 5%, all other input variables equal, results in a 25.82% increase of the theoretical value. A 1% decrease of the dividend yield, keeping other input variables equal, results in an 3.75% increase of the theoretical value, while a 1% increase of the dividend yield, all other input variables kept equal, results in a 6.8% 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 be 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.

	30 September 2011	31 December 2010
Liability for future policyholder benefits	23,799.3	23,556.9
Reserve for policyholder profit sharing	268.2	323.0
Shadow accounting adjustment	77.5	61.1
Before eliminations	24,145.0	23,941.0
Eliminations	(2.8)	(2.6)
Gross	24,142.2	23,938.4
Reinsurance	(36.3)	(25.2)
Net	24,105.9	23,913.2

12 Liabilities arising from Life investment contracts

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

	30 September 2011	31 December 2010
Liability for future policyholder benefits	26,860.0	26,667.6
Reserve for policyholder profit sharing	100.5	212.0
Shadow accounting adjustment	54.7	34.2
Gross	27,015.2	26,913.8
Reinsurance	-	-
Net	27,015.2	26,913.8

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 September 2011	31 December 2010
Insurance contracts	1,501.0	1,711.6
Investment contracts	11,493.3	20,119.3
Total	12,994.3	21,830.9

The decrease in the total Liabilities related to Unit-linked contracts is due to the decision to put Fortis Lux Vie as Held for sale (EUR 7.2 billion).

14 Liabilities arising from Non-life insurance contracts

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

	<i>30 September 2011</i>	<i>31 December 2010</i>
Claims reserves	4,419.3	4,377.4
Unearned premiums	1,607.3	1,155.4
Reserve for policyholder profit sharing	2.7	6.2
Before eliminations	6,029.3	5,539.0
Eliminations		(90.4)
Gross	6,029.3	5,448.6
Reinsurance	(396.8)	(334.7)
Net	5,632.5	5,113.9

The increase in Unearned premiums relates to the start up of Tesco Insurance.

15 Debt certificates

The following table shows the types of Debt certificates (EMTN) issued by Ageas and the amounts outstanding.

	<i>30 September 2011</i>	<i>31 December 2010</i>
Held at amortised cost	154.4	365.7
Held at fair value through profit or loss	105.6	183.2
Total debt certificates	260.0	548.9

16 Subordinated liabilities

The following table provides a specification of the Subordinated liabilities.

	30 September 2011	31 December 2010
FRESH	1,250.0	1,250.0
- Hybrone	495.9	495.4
- Nitsh I	564.5	571.3
- Nitsh II	568.4	540.3
Ageas Hybrid Financing	1,628.8	1,607.0
Other subordinated liabilities	69.6	69.9
Total subordinated liabilities	2,948.4	2,926.9

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 September 2011 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.

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 have the benefit of a support agreement and a subordinated guarantee entered into by ageas SA/NV and ageas N.V.

Ageas Hybrid Financing 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 such funds as are 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 so elects, the cash coupon will be replaced by settlement through the ACSM.

Other subordinated liabilities

The EUR 69.6 million reported under other subordinated liabilities (31 December 2010: EUR 69.9 million) includes an amount of EUR 26.1 million related to subordinated private loans, maturing in 2012 and a perpetual subordinated loan in the amount of EUR 40.5 million to Tesco Bank.

17 Borrowings

The table below shows the components of borrowings.

	<i>30 September 2011</i>	<i>31 December 2010</i>
Due to banks	1,942.3	1,898.5
Due to customers	111.0	91.5
Other borrowings	136.4	151.7
Total borrowings	2,189.7	2,141.7

17.1 Due to banks

The table below shows the components of Due to banks.

	<i>30 September 2011</i>	<i>31 December 2010</i>
Deposits from banks:		
- Demand deposits	13.0	54.2
- Other deposits	68.7	37.1
Total deposits	81.7	91.3
Repurchase agreements	1,306.4	1,262.8
Other	554.2	544.4
Total due to banks	1,942.3	1,898.5

17.2 Due to customers

The table below shows the components of Due to customers.

	<i>30 September 2011</i>	<i>31 December 2010</i>
Deposits	0.6	0.6
Other borrowings	5.5	5.1
Funds held under reinsurance agreements	104.9	85.8
Total due to customers	111.0	91.5

18 Deferred tax assets and liabilities

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

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>30 September 2011</i>	<i>31 December 2010</i>	<i>First nine months 2011</i>	<i>First nine months 2010</i>
<i>Deferred tax assets related to:</i>				
Financial investments (available for sale)	124.8	131.1	135.6	13.5
Investment property	6.5	7.4	(1.0)	1.7
Property, plant and equipment	43.6	41.7	(0.6)	7.5
Intangible assets (excluding goodwill)	30.0	29.8		
Insurance policy and claim reserves	316.4	288.1	2.4	(10.2)
Provisions for pensions and post-retirement benefits	43.9	44.0	(0.1)	(0.2)
Other provisions	8.3	6.7	1.3	0.4
Accrued expenses and deferred income	4.6	4.3	0.3	2.9
Unused tax losses	223.7	174.6	(8.0)	(26.8)
RPN(I)	42.8	158.1		
Other	116.5	85.1	(80.6)	388.8
Gross deferred tax assets	961.1	970.9	49.3	377.6
Unrecognised deferred tax assets	(117.8)	(114.1)	(2.1)	15.5
Net deferred tax assets	843.3	856.8	47.2	393.1
<i>Deferred tax liabilities related to:</i>				
Derivatives held for trading (assets)	1.0	1.2	0.3	3.6
Financial investments (available for sale)	508.9	130.4	44.5	(24.0)
Unit-linked investments	(3.1)		3.1	8.4
Investment property	119.5	113.6	(5.9)	(4.6)
Loans to customers	3.0	3.0		-
Property, plant and equipment	211.1	208.7	1.5	(6.2)
Intangible assets (excluding goodwill)	144.9	145.7	8.2	9.8
Other provisions	3.5	(0.8)		(0.4)
Deferred policy acquisition costs	52.2	46.3	(5.8)	(6.0)
Deferred expense and accrued income	1.6	1.6	0.1	0.1
Tax exempt realised reserves	43.8	45.4	1.7	2.1
BNP Paribas call option	106.6	207.0		
Other	100.7	171.8	76.8	15.0
Total deferred tax liabilities	1,293.7	1,073.9	124.5	(2.2)
Deferred tax income (expense)			171.7	390.9
Net deferred tax	(450.4)	(217.1)		

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 offset in the statement of financial position are:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Deferred tax asset	331.6	465.2
Deferred tax liability	782.0	682.3
Net deferred tax	(450.4)	(217.1)

19 RPN(I)

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

Mechanism

Each quarterly payment is determined as the average over the quarter of the interest payments at an annual rate of 3-month EURIBOR plus 20 basis points to be made on a reference amount as calculated on each trading day.

The reference amount is defined as:

- ◆ the difference between EUR 3,000 million and the market value of the CASHES as quoted by the Luxembourg stock exchange, less
- ◆ the difference between EUR 2,350 million and the market value of 125,313,283 Ageas shares.

If the reference amount is positive, Fortis Bank SA/NV pays interest on the reference amount to Ageas. If it is negative, Ageas pays interest on the reference amount to Fortis Bank SA/NV.

State guarantee

The Belgian state has issued a state guarantee on the RPN(I) interest paid by Ageas, to the benefit of Fortis Bank SA/NV. The annual guarantee fee amounts to 70 basis points to be paid on the reference amount. To secure the payment of the fee and recourse of the Belgian State in case of default Ageas, granted the Belgium State a pledge on a maximum of 20% of the shares of AG Insurance.

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopted a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At 30 September 2011 the total liability for RPN(I) amounted to EUR 145 million (out of which EUR 127 million related to the RPN(I) liability itself and EUR 18 million related to the guarantee arrangements between Ageas, the Belgian State and Fortis Bank). Compared to EUR 465 million end 2010 this led to a positive impact on results of EUR 320 million. This amount can be broken down in (i) EUR 273 million reflecting the decrease in the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) a EUR 47 million lower liability related to the guarantee agreement between the Belgian State and Ageas.

The decrease in fair value since the beginning of the year resulted from (i) a decrease of the reference amount, (ii) an increase in assumed Ageas spreads and (iii) different market conditions, including lower long term interest rates.

Reference values

On 30 September 2011, the CASHES closed at 33% and the Ageas's share price at EUR 1.31. This resulted in a decrease of the reference amount (the so called Relative Performance Note or RPN accounted at Fortis Bank) from EUR 642 million (negative) on 31 December 2010 to EUR 185 million (negative).

On 30 September 2011, 3-month EURIBOR stood at 1.56%. The total interest payment to Fortis Bank over the first nine months amounted to EUR 8.9 million. The total amount paid to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 4.1 million.

Assumptions

Ageas made the following key assumptions to determine the fair market value of the RPN(I) and of guarantee payments as per 30 September 2011:

- ◆ Ageas's share prices have been projected using the standard geometric Brownian motion model, assuming an initial share price of EUR 1.31, the closing price of 30 September 2011, an average dividend yield of 6.1% over the expected term of the instrument and consistent with a dividend yield derived from the dividend paid in 2010 based on the closing share price of 30 September 2011. The share price volatility used amounted to 69% and is based on the implied volatility of 3-months options observed at the end of September 2011;
- ◆ The price of CASHES has been projected based on forward spread curves applicable to CASHES with an additional stochastic perturbation, with a risk free interest rate model calibrated on the market, and with initial spread curves calibrated on the value of the CASHES of 33% at the end of September 2011. For modelling purposes, the CASHES have been assumed to have a constant maturity of 50 years at any point in the future, beyond which the contribution of discounted free cash flows becomes negligible;
- ◆ The current and future risk-free rates have been calibrated on market data as at 30 September 2011 and projected through a standard arbitrage-free interest rate model;
- ◆ The valuation model also accounts for the conversion option embedded in the CASHES at prices of EUR 23.94 (optional) and EUR 35.91 (automatic). The payment of extraordinary dividends corresponding to the value of the BNP Paribas option has a negligible impact on value and has been ignored;
- ◆ Projected future interest payments and the projected cost of the guarantee have been discounted along yield curves reflecting the risk associated with Ageas's liabilities such as RPN(I), based on a constant spread of 685 bps, calibrated to reflect a rate that is relevant for perpetual senior Ageas liabilities.

Sensitivities

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

- ◆ An increase in the initial price of the Ageas's share to EUR 1.77 decreases the fair value by EUR 12 million to EUR 133 million; a decrease of the starting value to EUR 0.85, increases the fair value by EUR 10 million to EUR 155 million;
- ◆ An increase of the market value of the CASHES to 43% increases the fair value by EUR 88 million to EUR 233 million; a decrease to 23% reduces the value by EUR 97 million to EUR 48 million;
- ◆ An increase of the risk-free interest rates by 50 basis points along the yield curve increases the fair value by EUR 2 million to EUR 147 million; a decrease by 50 basis points increases the value by EUR 1 million to EUR 146 million;
- ◆ A decrease in the discount rate of 100 basis points increases the fair value by EUR 19 million to EUR 164 million; an increase of 100 basis points reduces the fair value by EUR 6 million to EUR 139 million.

Assuming more favorable conditions for the four key parameters in the model (initial Ageas share price of EUR 1.77, CASHES at 23%, risk-free yield curve shifted downward by 50 basis points and discount rate 100 basis points higher), the fair value of the RPN(I) decreases to EUR 41 million.

Assuming less favorable conditions for the four key parameters in the model (initial Ageas share price of EUR 0.85, CASHES at 43%, risk-free yield curve shifted upward by 50 basis points and discount rate 100 basis points lower), the fair value of the RPN(I) would increase to EUR 293 million.

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

20 Provisions

Provisions consist of provisions for tax disputes and legal litigations. The provisions are based on best estimates available at period-end, 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:

	<i>30 September 2011</i>	<i>31 December 2010</i>
Balance as at 1 January	2,407.6	34.2
Acquisition and divestment of subsidiaries	(2.9)	3.0
Increase in provisions	41.7	2,381.6
Reversal of unused provisions	(2.1)	(3.0)
Utilised during the year	(40.3)	(8.6)
Foreign exchange differences		0.4
Other	1.4	
Closing balance	2,405.4	2,407.6

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);
- ◆ the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction (see also note 9);
- ◆ entitled to some EUR 885 million related to a capital guarantee included in the sales documentation (see note 28).

As communicated by the Dutch State and Ageas, both parties aspire to reach an amicable settlement. In this settlement the dispute over the ownership of claims on ABN AMRO related to the FCC transaction and the MCS transaction as well the capital guarantee will be resolved. Ageas believes that the provision of EUR 2,362 million is sufficient to cover the outflow of benefits related to the potential settlement.



Explanatory notes to the
Consolidated income statement

21 Insurance premiums

The following table provides an overview of gross-insurance premiums earned.

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Gross inflow Life	5,280.2	6,870.5
Gross inflow Non-life	3,144.5	2,377.8
General and eliminations	(1.3)	0.2
Total gross inflow	8,423.4	9,248.5

In the first nine months of 2011 the amount that relates to inflow from deposit accounting, directly recognised as a liability, is EUR 1,403.0 million (in the first nine months of 2010: EUR 1,919.4 million). The premium income accounted for in the Consolidated income statement amounts to EUR 7,020.4 million for the first nine months of 2011 (in the first nine months of 2010: EUR 7,329.1 million).

Life

The table below shows the details of Life-insurance premiums.

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Unit-linked insurance contracts		
Single written premiums	10.6	6.8
Periodic written premiums	64.0	68.5
<i>Group business total</i>	<i>74.6</i>	<i>75.3</i>
Single written premiums	49.7	40.7
Periodic written premiums	25.2	29.3
<i>Individual business total</i>	<i>74.9</i>	<i>70.0</i>
Total unit-linked insurance contracts	149.5	145.3
Non unit-linked insurance contracts		
Single written premiums	215.1	228.3
Periodic written premiums	555.9	559.7
<i>Group business total</i>	<i>771.0</i>	<i>788.0</i>
Single written premiums	453.1	566.6
Periodic written premiums	554.9	554.8
<i>Individual business total</i>	<i>1,008.0</i>	<i>1,121.4</i>
Total non unit-linked insurance contracts	1,779.0	1,909.4
Investment contracts with DPF		
Single written premiums	1,643.5	2,595.0
Periodic written premiums	305.2	301.4
Total investment contracts with DPF	1,948.7	2,896.4
Gross premium income Life insurance	3,877.2	4,951.1
Single written premiums	1,294.7	1,751.8
Periodic written premiums	108.3	167.6
Premium inflow deposit accounting	1,403.0	1,919.4
Total gross inflow Life	5,280.2	6,870.5

Total premium inflow Life insurance comprises 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 a liability (deposit accounting). Fees are recognised as fee income in the income statement.

Non-life

The table below shows the details of Non-life insurance premiums for the period. Premiums for Motor, Fire and other damage to property and Other, are grouped in Property & Casualty.

	<i>Accident & Health</i>	<i>Property & casualty</i>	<i>Total</i>
<i>First nine months 2011</i>			
Gross written premiums	597.5	2,547.0	3,144.5
Change in unearned premiums, gross	(20.2)	(433.7)	(453.9)
Gross earned premiums	577.3	2,113.3	2,690.6
Ceded reinsurance premiums	(21.2)	(134.0)	(155.2)
Reinsurers' share of unearned premiums	(0.7)	7.2	6.5
Net earned premiums Non-life insurance	555.4	1,986.5	2,541.9

<i>First nine months 2010</i>			
Gross written premiums	585.4	1,792.4	2,377.8
Change in unearned premiums, gross	(26.8)	(105.8)	(132.6)
Gross earned premiums	558.6	1,686.6	2,245.2
Ceded reinsurance premiums	(22.0)	(105.2)	(127.2)
Reinsurers' share of unearned premiums	(0.8)	0.4	(0.4)
Net earned premiums Non-life insurance	535.8	1,581.8	2,117.6

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

	<i>Accident & Health</i>	<i>Property & casualty</i>	<i>Total</i>
<i>First nine months 2011</i>			
Belgium	343.0	853.9	1,196.9
UK	47.9	1,011.3	1,059.2
Continental Europe	164.5	121.3	285.8
Net earned premiums Non-life insurance	555.4	1,986.5	2,541.9

<i>First nine months 2010</i>			
Belgium	341.8	810.5	1,152.3
UK	43.8	648.9	692.7
Continental Europe	150.2	122.4	272.6
Net earned premiums Non-life insurance	535.8	1,581.8	2,117.6

22 Interest, dividend and other investment income

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

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Interest income		
Interest income on cash equivalents	24.7	26.1
Interest income on loans to banks	82.9	68.8
Interest income on investments	1,623.2	1,636.5
Interest income on loans to customers	90.7	91.0
Interest income on derivatives held for trading	29.8	36.1
Other interest income	8.1	8.5
Total interest income	1,859.4	1,867.0
Dividend income from equity securities	59.2	36.9
Rental income from investment property	125.1	103.1
Revenues parking garage	200.6	192.8
Other investment income	47.1	46.4
Total interest, dividend and other investment income	2,291.4	2,246.2

23 Result on sales and revaluations

The table below provides details of the Result on sales and revaluations.

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Debt securities classified as available for sale	261.5	(18.5)
Equity securities classified as available for sale	(68.6)	24.6
Derivatives held for trading	(64.2)	(74.9)
Investment property		27.8
Capital gain (losses) on sale of shares of subsidiaries	(15.0)	(1.8)
Investments in associates	6.6	8.3
Property, plant and equipment	0.4	7.8
Assets and liabilities held at fair value through profit or loss	2.0	15.0
Hedging results	0.2	0.1
Other	(189.9)	57.2
Total Result on sales and revaluations	(67.0)	45.6

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.

The line Other relates in 2011 mainly to the unrealised loss on the Tier 1 being the difference between the par value of securities exchanged (EUR 952.9 million) and the fair value of these securities (EUR 762.3 million) (see also note 7). This difference is expected to be reversed in the income statement over the coming quarters, via the effective interest method.

24 Insurance claims and benefits

The details of insurance claims and benefits for the period are shown in the table below.

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Life insurance	4,447.4	5,604.6
Non-life insurance	1,766.9	1,514.5
General account and eliminations	(2.1)	(2.1)
Total insurance claims and benefits, net	6,212.2	7,117.0

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

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Benefits and surrenders, gross	3,673.2	2,765.2
Change in liabilities arising from insurance and investment contracts, gross	805.9	2,863.0
Total Life insurance claims and benefits, gross	4,479.1	5,628.2
Reinsurers' share of claims and benefits	(31.7)	(23.6)
Total Life insurance claims and benefits, net	4,447.4	5,604.6

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

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Claims paid, gross	1,616.0	1,457.1
Change in liabilities arising from insurance contracts, gross	207.7	136.4
Total Non-life insurance claims and benefits, gross	1,823.7	1,593.5
Reinsurers' share of change in liabilities	(1.9)	(33.0)
Reinsurers' share of claims paid	(54.9)	(46.0)
Total Non-life insurance claims and benefits, net	1,766.9	1,514.5

25 Finance costs

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

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Finance costs		
Debt certificates	16.1	36.8
Subordinated liabilities	118.2	116.6
Borrowings - due to banks	43.7	19.9
Borrowings - due to customers	4.5	5.0
Other borrowings	6.6	10.1
Derivatives	13.9	7.6
Other liabilities	32.7	27.0
Total finance costs	235.7	223.0

26 Change in impairments

Change in impairments for the period is as follows:

	<i>First nine months 2011</i>	<i>First nine months 2010</i>
Change in impairments of:		
Investments in debt securities	1,083.7	(4.6)
Investments in equity securities and other	183.7	25.1
Investment property	(12.4)	2.2
Loans to customers	1.3	(0.4)
Reinsurance and other receivables	(1.1)	2.4
Property, plant and equipment	(1.3)	0.5
Goodwill and other intangible assets	1.7	34.6
Total change in impairments	1,255.6	59.8

The impairments on investments in debt securities primarily relate to all maturities of the Greek bonds



Explanatory note on segment reporting

27 Information on segments

27.1 General information

Ageas announced in September 2009 a new organisational structure based on a lean Executive Committee and a Management Committee consisting of the ExCo, the CEO's of the four geographical regions and the CFO. This structure is operational from 1 January 2010 on.

Ageas is now 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 will report activities not related to the core insurance business such as group finance and other holding activities within the General Account that will be presented as a separate operating segment. Following the change of the composition of the reportable segments, Ageas restated the corresponding items of segment information for earlier periods.

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 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.

27.2 Belgium

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

27.3 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.

27.4 Continental Europe

Continental Europe consists of the European insurance activities, excluding Belgium and the United Kingdom. It includes six countries and is a mix of leading positions in mature markets such as Portugal (51% owned by Ageas) and Luxembourg (50% owned by Ageas), smaller positions in France (100% owned by Ageas) and Germany (100% owned by Ageas) and in Non-Life the partnership in Italy (25% owned by Ageas) and the new acquired stake in Turkey (31% owned by Ageas). In 2010, about 89% of total inflows were Life related complemented with a Non-Life activity in Portugal and Italy. As part of the strategic review in 2009, the Continental Europe segment took a number of initiatives to align its portfolio which led to the decision to sell the Non-Life activities in Luxembourg, the Turkish, German and Ukrainian Life operations and to place the Russian operations in run-off.

27.5 Asia

Ageas is active in five countries in Asia with its regional office based in Hong Kong and the subsidiary in Hong Kong being fully-owned. The other activities are organised in the form of joint ventures with leading local partners and financial institutions in China (8-24.9% owned by Ageas), Malaysia (30.95% owned by Ageas), Thailand (8-31% owned by Ageas) and India (26% owned by Ageas). In terms of reporting, Ageas reports on a consolidated basis on Hong Kong while the other stakes are accounted for as associates.

27.6 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)), Intreinc N.V. (formerly named Ageas Reinsurance N.V.) and the claims on ABN AMRO.

27.7 Statement of financial position by operating segment

30 September 2011

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Assets							
Cash and cash equivalents	1,570.8	250.5	221.6	152.8	337.5		2,533.2
Financial investments	43,995.6	2,234.3	7,972.5	1,234.2	13.5	(12.7)	55,437.4
Investment property	1,965.6		25.1	0.4			1,991.1
Loans	2,785.8		357.3	128.7	3,587.9	(1,214.2)	5,645.5
Investments related to unit-linked contracts	5,988.3		6,683.3	344.6		(51.8)	12,964.4
Investments in associates	149.3		155.0	605.3	875.9	9.6	1,795.1
Reinsurance and other receivables	1,018.4	723.6	195.9	50.5	2,370.7	(7.5)	4,351.6
Current tax assets	36.5	7.2					43.7
Deferred tax assets	46.5	4.7	157.6		122.8		331.6
Call option BNP Paribas shares					361.2		361.2
Accrued interest and other assets	1,331.6	360.7	284.8	183.2	49.4	(19.2)	2,190.5
Property, plant and equipment	1,034.9	49.1	5.6	3.4	1.5		1,094.5
Goodwill and other intangible assets	376.0	301.6	507.3	504.9			1,689.8
Assets held for sale					8,223.8		8,223.8
Total assets	60,299.3	3,931.7	16,566.0	3,208.0	15,944.2	(1,295.8)	98,653.4
Liabilities							
Liabilities arising from life insurance contracts	20,535.8		2,513.2	1,096.0		(2.8)	24,142.2
Liabilities arising from life investment contracts	22,080.1		4,934.0	1.1			27,015.2
Liabilities related to unit-linked contracts	5,988.4		6,661.3	344.6			12,994.3
Liabilities arising from non-life insurance contracts	3,223.4	2,169.5	636.4				6,029.3
Debt certificates					260.0		260.0
Subordinated liabilities	894.1	155.4	28.0	75.2	2,956.8	(1,161.1)	2,948.4
Borrowings	1,789.5	98.6	245.8	73.7	87.2	(105.1)	2,189.7
Current tax liabilities	87.3	6.0	3.9	6.5			103.7
Deferred tax liabilities	542.4	50.2	66.6		122.8		782.0
RPN(I)					145.0		145.0
Accrued interest and other liabilities	1,371.4	427.8	181.5	61.8	162.6	(26.5)	2,178.6
Provisions	18.0	4.2	15.5		2,367.7		2,405.4
Liabilities related to assets held for sale					7,960.5		7,960.5
Total liabilities	56,530.4	2,911.7	15,286.2	1,658.9	14,062.6	(1,295.5)	89,154.3
Shareholders' equity	2,729.7	940.6	862.5	1,549.1	1,845.9	(0.3)	7,927.5
Non-controlling interests	1,039.2	79.4	417.3		35.7		1,571.6
Total equity	3,768.9	1,020.0	1,279.8	1,549.1	1,881.6	(0.3)	9,499.1
Total liabilities and equity	60,299.3	3,931.7	16,566.0	3,208.0	15,944.2	(1,295.8)	98,653.4
Number of employees	5,757	5,110	1,062	345	107		12,381

31 December 2010

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Assets							
Cash and cash equivalents	389.3	184.8	270.8	154.0	2,259.4		3,258.3
Financial investments	44,191.0	1,741.1	9,010.2	1,014.6	307.0	(31.4)	56,232.5
Investment property	1,874.2		25.7	0.4			1,900.3
Loans	2,563.0		447.9	121.5	2,670.1	(1,274.3)	4,528.2
Investments related to unit-linked contracts	6,687.2		14,747.9	390.3		(78.1)	21,747.3
Investments in associates	104.6		5.4	660.2	954.0	8.3	1,732.5
Reinsurance and other receivables	712.4	477.9	275.5	52.2	2,405.8	(95.3)	3,828.5
Current tax assets	34.5	2.6	34.4				71.5
Deferred tax assets	145.5	11.3	95.0		213.3		465.1
Call option BNP Paribas shares					609.0		609.0
Accrued interest and other assets	1,269.6	244.3	301.5	155.3	105.9	(34.1)	2,042.5
Property, plant and equipment	1,019.5	35.4	6.8	2.6	0.7		1,065.0
Goodwill and other intangible assets	388.0	241.2	535.1	521.6	0.1		1,686.0
Assets held for sale							
Total assets	59,378.8	2,938.6	25,756.2	3,072.7	9,525.3	(1,504.9)	99,166.7
Liabilities							
Liabilities arising from life insurance contracts	20,077.8		2,835.7	1,027.5		(2.6)	23,938.4
Liabilities arising from life investment contracts	21,433.9		5,478.6	1.3			26,913.8
Liabilities related to unit-linked contracts	6,687.2		14,753.4	390.3			21,830.9
Liabilities arising from non-life insurance contracts	3,141.4	1,602.2	617.9		177.5	(90.4)	5,448.6
Debt certificates					548.9		548.9
Subordinated liabilities	892.8	156.5	28.0	76.3	2,961.1	(1,187.8)	2,926.9
Borrowings	1,766.3	125.5	240.5	74.4	99.6	(164.6)	2,141.7
Current tax liabilities	34.2	3.1	4.5	4.6			46.4
Deferred tax liabilities	359.7	32.9	73.0		216.7		682.3
RPN(I)					465.0		465.0
Accrued interest and other liabilities	1,328.2	164.2	263.2	58.0	195.8	(62.4)	1,947.0
Provisions	16.8	6.3	16.8		2,367.7		2,407.6
Liabilities related to assets held for sale							
Total liabilities	55,738.3	2,090.7	24,311.6	1,632.4	7,032.3	(1,507.8)	89,297.5
Shareholders' equity	2,632.0	776.1	893.1	1,440.3	2,502.7	2.9	8,247.1
Non-controlling interests	1,008.5	71.8	551.5		(9.7)		1,622.1
Total equity	3,640.5	847.9	1,444.6	1,440.3	2,493.0	2.9	9,869.2
Total liabilities and equity	59,378.8	2,938.6	25,756.2	3,072.7	9,525.3	(1,504.9)	99,166.7
Number of employees	5,705	4,327	1,270	320	85		11,707

27.8 Income statement by operating segment

First nine months 2011

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Income							
- Gross premium income ¹⁾	4,373.6	1,558.6	919.3	170.2	(1.0)	(0.3)	7,020.4
- Change in unearned premiums	(51.2)	(400.8)	(1.8)				(453.8)
- Ceded earned premiums	(48.9)	(71.8)	(71.8)	(19.6)	0.1		(212.0)
Net earned premiums	4,273.5	1,086.0	845.7	150.6	(0.9)	(0.3)	6,354.6
Interest, dividend and other investment income	1,810.5	46.0	272.2	44.5	170.9	(52.7)	2,291.4
Unrealised gain (loss) on Call option BNP Paribas shares					(247.8)		(247.8)
Unrealised gain (loss) on RPN(I)					320.0		320.0
Result on sales and revaluations	138.0	6.8	(12.8)	3.0	(202.0)		(67.0)
Income related to investments for unit-linked contracts	(300.6)		(674.9)	(83.6)			(1,059.1)
Share of result of associates	6.1		1.3	61.2	(140.0)	0.7	(70.7)
Fee and commission income	69.2	92.6	136.0	28.2			326.0
Other income	121.2	80.9	3.5	2.0	2.9	(11.0)	199.5
Total income	6,117.9	1,312.3	571.0	205.9	(96.9)	(63.3)	8,046.9
Expenses							
- Insurance claims and benefits, gross	(4,484.7)	(815.2)	(869.2)	(133.7)	(5.1)	0.3	(6,307.6)
- Insurance claims and benefits, ceded	16.8	36.0	29.6	6.1	6.9		95.4
Insurance claims and benefits, net	(4,467.9)	(779.2)	(839.6)	(127.6)	1.8	0.3	(6,212.2)
Charges related to unit-linked contracts	293.3		705.8	82.3			1,081.4
Finance costs	(82.0)	(12.6)	(3.4)	(10.7)	(179.7)	52.7	(235.7)
Change in impairments	(1,118.9)		(136.2)	(0.3)	(0.2)		(1,255.6)
Change in provisions	(1.3)	2.0	(0.3)				0.4
Fee and commission expense	(452.9)	(234.1)	(136.9)	(51.1)	(0.6)		(875.6)
Staff expenses	(319.4)	(129.9)	(65.3)	(18.8)	(13.9)	(1.5)	(548.8)
Other expenses	(463.3)	(68.7)	(104.5)	(5.7)	(35.2)	11.0	(666.4)
Total expenses	(6,612.4)	(1,222.5)	(580.4)	(131.9)	(227.8)	62.5	(8,712.5)
Profit before taxation	(494.5)	89.8	(9.4)	74.0	(324.7)	(0.8)	(665.6)
Income tax expenses	58.1	(23.4)	(0.8)	(1.9)	(0.2)		31.8
Net profit for the period	(436.4)	66.4	(10.2)	72.1	(324.9)	(0.8)	(633.8)
Attributable to non-controlling interests	(105.4)	4.7	1.3		(0.7)		(100.1)
Net profit attributable to shareholders	(331.0)	61.7	(11.5)	72.1	(324.2)	(0.8)	(533.7)
Total income from external customers	6,109.3	1,312.3	571.0	202.9	(148.4)		8,047.1
Total income internal	8.6			3.0	51.5	(63.3)	(0.2)
Total income	6,117.9	1,312.3	571.0	205.9	(96.9)	(63.3)	8,046.9
Non-cash expenses (excl. depreciation & amortisation)	(1,234.8)		(258.4)	(84.2)	(20.0)		(1,597.4)

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

First nine months 2011

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Gross premium income	4,373.6	1,558.6	919.3	170.2	(1.0)	(0.3)	7,020.4
Inflow deposit accounting	224.6		1,100.6	77.8			1,403.0
Gross inflow	4,598.2	1,558.6	2,019.9	248.0	(1.0)	(0.3)	8,423.4

First nine months 2010

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Income							
- Gross premium income ¹⁾	4,566.1	839.8	1,753.6	169.4	0.3	(0.1)	7,329.1
- Change in unearned premiums	(41.3)	(78.5)	(12.7)				(132.5)
- Ceded earned premiums	(41.9)	(53.2)	(70.0)	(17.9)			(183.0)
Net earned premiums	4,482.9	708.1	1,670.9	151.5	0.3	(0.1)	7,013.6
Interest, dividend and other investment income	1,761.1	42.5	272.1	45.6	175.4	(50.5)	2,246.2
Unrealised gain (loss) on Call option BNP Paribas shares					(44.0)		(44.0)
Unrealised gain (loss) on RPN(I)					(180.0)		(180.0)
Result on sales and revaluations	(17.4)	3.7	19.1	40.2	-		45.6
Income related to investments for unit-linked contracts	337.9		456.6	25.6			820.1
Share of result of associates	4.3			38.6	184.1	(0.7)	226.3
Fee and commission income	68.0	72.9	141.9	30.8			313.6
Other income	144.0	22.5	5.0	1.7	7.5	(14.7)	166.0
Total income	6,780.8	849.7	2,565.6	334.0	143.3	(66.0)	10,607.4
Expenses							
- Insurance claims and benefits, gross	(4,832.6)	(554.8)	(1,703.5)	(130.8)	0.2	0.2	(7,221.3)
- Insurance claims and benefits, ceded	36.2	31.9	30.6	3.9	1.7		104.3
Insurance claims and benefits, net	(4,796.4)	(522.9)	(1,672.9)	(126.9)	1.9	0.2	(7,117.0)
Charges related to unit-linked contracts	(343.9)		(435.1)	(26.9)			(805.9)
Finance costs	(67.5)	(6.3)	(4.1)	(10.0)	(185.5)	50.4	(223.0)
Change in impairments	(24.0)		(35.0)	(1.3)		0.5	(59.8)
Change in provisions	(0.9)	0.5	2.7				2.3
Fee and commission expense	(441.2)	(148.6)	(145.4)	(43.8)	(0.1)		(779.1)
Staff expenses	(318.3)	(90.4)	(74.5)	(17.0)	(10.3)	(3.3)	(513.8)
Other expenses	(410.8)	(62.7)	(102.5)	(21.1)	(43.0)	14.7	(625.4)
Total expenses	(6,403.0)	(830.4)	(2,466.8)	(247.0)	(237.0)	62.5	(10,121.7)
Profit before taxation	377.8	19.3	98.8	87.0	(93.7)	(3.5)	485.7
Income tax expenses	(101.2)	(7.1)	(38.1)	(0.9)	407.1		259.8
Net profit for the period	276.6	12.2	60.7	86.1	313.4	(3.5)	745.5
Attributable to non-controlling interests	71.3	(3.3)	33.9		(2.0)		99.9
Net profit attributable to shareholders	205.3	15.5	26.8	86.1	315.4	(3.5)	645.6
Total income from external customers	6,765.7	849.7	2,565.5	330.9			10,511.8
Total income internal	15.1		0.1	3.1	143.3	(66.0)	95.6
Total income	6,780.8	849.7	2,565.6	334.0	143.3	(66.0)	10,607.4
Non-cash expenses (excl. depreciation & amortisation)	(66.4)		(119.6)	(0.6)			(186.6)

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

First nine months 2010

	Continental				General		Total
	Belgium	UK	Europe	Asia	Account	Eliminations	
Gross premium income	4,566.1	839.8	1,753.6	169.4	0.3	(0.1)	7,329.1
Inflow deposit accounting	489.3		1,362.3	67.8			1,919.4
Gross inflow	5,055.4	839.8	3,115.9	237.2	0.3	(0.1)	9,248.5

27.9 Statement of financial position split into Life and Non-life

30 September 2011

	Life	Non-life	Other Insurance	General	Eliminations	Total
Assets						
Cash and cash equivalents	1,804.0	338.3	53.4	337.5		2,533.2
Financial investments	49,544.2	5,892.4		13.5	(12.7)	55,437.4
Investment property	1,779.4	211.7				1,991.1
Loans	3,154.1	117.7	39.9	3,587.9	(1,254.1)	5,645.5
Investments related to unit-linked contracts	13,016.2				(51.8)	12,964.4
Investments in associates	634.0	275.6		875.9	9.6	1,795.1
Reinsurance and other receivables	826.9	932.7	357.5	2,370.7	(136.2)	4,351.6
Current tax assets	36.4	4.1	3.2			43.7
Deferred tax assets	168.6	38.0	2.2	122.8		331.6
Call option BNP Paribas shares				361.2		361.2
Accrued interest and other assets	1,660.0	480.0	22.1	49.4	(21.0)	2,190.5
Property, plant and equipment	939.4	138.7	14.9	1.5		1,094.5
Goodwill and other intangible assets	1,217.7	181.6	290.5			1,689.8
Assets held for sale				8,223.8		8,223.8
Total assets	74,780.9	8,610.8	783.7	15,944.2	(1,466.2)	98,653.4
Liabilities						
Liabilities arising from life insurance contracts	24,145.0				(2.8)	24,142.2
Liabilities arising from life investment contracts	27,015.2					27,015.2
Liabilities related to unit-linked contracts	12,994.3					12,994.3
Liabilities arising from non-life insurance contracts		6,029.3				6,029.3
Debt certificates				260.0		260.0
Subordinated liabilities	894.8	182.9	114.9	2,956.8	(1,201.0)	2,948.4
Borrowings	1,948.3	225.2	34.1	87.2	(105.1)	2,189.7
Current tax liabilities	86.8	11.4	5.5			103.7
Deferred tax liabilities	566.8	86.5	5.9	122.8		782.0
RPN(I)				145.0		145.0
Accrued interest and other liabilities	1,298.6	520.1	354.3	162.6	(157.0)	2,178.6
Provisions	19.4	18.1	0.2	2,367.7		2,405.4
Liabilities related to assets held for sale				7,960.5		7,960.5
Total liabilities	68,969.2	7,073.5	514.9	14,062.6	(1,465.9)	89,154.3
Shareholders' equity	4,673.8	1,139.3	268.8	1,845.9	(0.3)	7,927.5
Non-controlling interests	1,137.9	398.0		35.7		1,571.6
Total equity	5,811.7	1,537.3	268.8	1,881.6	(0.3)	9,499.1
Total liabilities and equity	74,780.9	8,610.8	783.7	15,944.2	(1,466.2)	98,653.4
Number of employees	4,720	4,515	3,039	107		12,381

31 December 2010

	<i>Life</i>	<i>Non-life</i>	<i>Other Insurance</i>	<i>General</i>	<i>Eliminations</i>	<i>Total</i>
Assets						
Cash and cash equivalents	680.0	282.8	36.1	2,259.4		3,258.3
Financial investments	50,659.0	5,297.9		307.0	(31.4)	56,232.5
Investment property	1,657.1	243.2				1,900.3
Loans	2,966.8	165.5	40.2	2,670.1	(1,314.4)	4,528.2
Investments related to unit-linked contracts	21,825.4				(78.1)	21,747.3
Investments in associates	655.1	115.1		954.0	8.3	1,732.5
Reinsurance and other receivables	501.1	938.3	181.4	2,405.8	(198.1)	3,828.5
Current tax assets	67.7	10.1	2.3		(8.6)	71.5
Deferred tax assets	199.3	49.6	2.9	213.3		465.1
Call option BNP Paribas shares				609.0		609.0
Accrued interest and other assets	1,572.7	393.4	6.3	105.9	(35.8)	2,042.5
Property, plant and equipment	906.5	142.1	15.7	0.7		1,065.0
Goodwill and other intangible assets	1,264.0	190.1	231.8	0.1		1,686.0
Assets held for sale						
Total assets	82,954.7	7,828.1	516.7	9,525.3	(1,658.1)	99,166.7
Liabilities						
Liabilities arising from life insurance contracts	23,941.0				(2.6)	23,938.4
Liabilities arising from life investment contracts	26,913.8					26,913.8
Liabilities related to unit-linked contracts	21,830.9					21,830.9
Liabilities arising from non-life insurance contracts		5,361.5		177.5	(90.4)	5,448.6
Debt certificates				548.9		548.9
Subordinated liabilities	897.0	181.0	115.7	2,961.1	(1,227.9)	2,926.9
Borrowings	1,870.0	245.0	91.7	99.6	(164.6)	2,141.7
Current tax liabilities	39.3	4.0	11.7		(8.6)	46.4
Deferred tax liabilities	408.8	51.6	5.2	216.7		682.3
RPN(I)				465.0		465.0
Accrued interest and other liabilities	1,176.4	610.8	130.9	195.8	(166.9)	1,947.0
Provisions	21.5	18.2	0.2	2,367.7		2,407.6
Liabilities related to assets held for sale						
Total liabilities	77,098.7	6,472.1	355.4	7,032.3	(1,661.0)	89,297.5
Shareholders' equity	4,616.5	963.7	161.3	2,502.7	2.9	8,247.1
Non-controlling interests	1,239.5	392.3		(9.7)		1,622.1
Total equity	5,856.0	1,356.0	161.3	2,493.0	2.9	9,869.2
Total liabilities and equity	82,954.7	7,828.1	516.7	9,525.3	(1,658.1)	99,166.7
Number of employees	4,838	4,145	2,639	85		11,707

27.10 Income statement split into Life and Non-life

First nine months 2011

	Life	Non-life	Other Insurance	General	Eliminations	Total
Income						
- Gross premium income ¹⁾	3,877.2	3,144.5		(1.0)	(0.3)	7,020.4
- Change in unearned premiums	0.1	(453.9)				(453.8)
- Ceded earned premiums	(63.4)	(148.7)		0.1		(212.0)
Net earned premiums	3,813.9	2,541.9		(0.9)	(0.3)	6,354.6
Interest, dividend and other investment income	1,988.2	198.4	(11.6)	170.9	(54.5)	2,291.4
Unrealised gain (loss) on Call option BNP Paribas shares				(247.8)		(247.8)
Unrealised gain (loss) on RPN(I)				320.0		320.0
Result on sales and revaluations	77.6	57.4		(202.0)		(67.0)
Income related to investments for unit-linked contracts	(1,059.1)					(1,059.1)
Share of result of associates	54.1	14.5		(140.0)	0.7	(70.7)
Fee and commission income	220.1	16.1	128.7		(38.9)	326.0
Other income	84.2	56.7	75.8	2.9	(20.1)	199.5
Total income	5,179.0	2,885.0	192.9	(96.9)	(113.1)	8,046.9
Expenses						
- Insurance claims and benefits, gross	(4,479.1)	(1,823.7)		(5.1)	0.3	(6,307.6)
- Insurance claims and benefits, ceded	31.7	56.8		6.9		95.4
Insurance claims and benefits, net	(4,447.4)	(1,766.9)		1.8	0.3	(6,212.2)
Charges related to unit-linked contracts	1,081.4					1,081.4
Finance costs	(87.2)	(12.0)	(11.3)	(179.7)	54.5	(235.7)
Change in impairments	(1,162.6)	(92.8)		(0.2)		(1,255.6)
Change in provisions	1.6	(1.2)				0.4
Fee and commission expense	(388.1)	(525.8)		(0.6)	38.9	(875.6)
Staff expenses	(268.1)	(192.6)	(72.7)	(13.9)	(1.5)	(548.8)
Other expenses	(383.2)	(190.1)	(78.0)	(35.2)	20.1	(666.4)
Total expenses	(5,653.6)	(2,781.4)	(162.0)	(227.8)	112.3	(8,712.5)
Profit before taxation	(474.6)	103.6	30.9	(324.7)	(0.8)	(665.6)
Income tax expenses	75.1	(34.9)	(8.2)	(0.2)		31.8
Net profit for the period	(399.5)	68.7	22.7	(324.9)	(0.8)	(633.8)
Attributable to non-controlling interests	(111.0)	11.6		(0.7)		(100.1)
Net profit attributable to shareholders	(288.5)	57.1	22.7	(324.2)	(0.8)	(533.7)
Total income from external customers	5,155.4	2,882.6	157.5	(148.6)		8,046.9
Total income internal	23.6	2.4	35.4	51.7	(113.1)	
Total income	5,179.0	2,885.0	192.9	(96.9)	(113.1)	8,046.9
Non-cash expenses (excl. depreciation & amortisation)	(1,500.2)	(77.2)		(20.0)		(1,597.4)

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

First nine months 2011

	Life	Non-life	Other Insurance	General	Eliminations	Total
Gross premium income	3,877.2	3,144.5		(1.0)	(0.3)	7,020.4
Inflow deposit accounting	1,403.0					1,403.0
Gross inflow	5,280.2	3,144.5		(1.0)	(0.3)	8,423.4

First nine months 2010

	Life	Non-life	Other Insurance	General	Eliminations	Total
Income						
- Gross premium income ¹⁾	4,951.1	2,377.8		0.3	(0.1)	7,329.1
- Change in unearned premiums	0.1	(132.6)				(132.5)
- Ceded earned premiums	(55.4)	(127.6)				(183.0)
Net earned premiums	4,895.8	2,117.6		0.3	(0.1)	7,013.6
Interest, dividend and other investment income	1,943.1	190.5	(12.3)	175.4	(50.5)	2,246.2
Unrealised gain (loss) on Call option BNP Paribas shares				(44.0)		(44.0)
Unrealised gain (loss) on RPN(I)				(180.0)		(180.0)
Result on sales and revaluations	31.6	14.0				45.6
Income related to investments for unit-linked contracts	820.1					820.1
Share of result of associates	34.1	8.8		184.1	(0.7)	226.3
Fee and commission income	223.7	21.8	99.5		(31.4)	313.6
Other income	105.9	51.0	20.2	7.5	(18.6)	166.0
Total income	8,054.3	2,403.7	107.4	143.3	(101.3)	10,607.4
Expenses						
- Insurance claims and benefits, gross	(5,628.2)	(1,593.5)		0.2	0.2	(7,221.3)
- Insurance claims and benefits, ceded	23.6	79.0		1.7		104.3
Insurance claims and benefits, net	(5,604.6)	(1,514.5)		1.9	0.2	(7,117.0)
Charges related to unit-linked contracts	(805.9)					(805.9)
Finance costs	(73.3)	(9.7)	(4.9)	(185.5)	50.4	(223.0)
Change in impairments	(56.9)	(3.4)			0.5	(59.8)
Change in provisions	3.9	(1.6)				2.3
Fee and commission expense	(377.2)	(433.2)		(0.1)	31.4	(779.1)
Staff expenses	(273.2)	(183.9)	(43.1)	(10.3)	(3.3)	(513.8)
Other expenses	(364.0)	(192.7)	(44.3)	(43.0)	18.6	(625.4)
Total expenses	(7,551.2)	(2,339.0)	(92.3)	(237.0)	97.8	(10,121.7)
Profit before taxation	503.1	64.7	15.1	(93.7)	(3.5)	485.7
Income tax expenses	(125.5)	(15.9)	(5.9)	407.1		259.8
Net profit for the period	377.6	48.8	9.2	313.4	(3.5)	745.5
Attributable to non-controlling interests	94.5	7.4		(2.0)		99.9
Net profit attributable to shareholders	283.1	41.4	9.2	315.4	(3.5)	645.6
Total income from external customers	8,027.1	2,399.3	62.0			10,488.4
Total income internal	27.2	4.4	45.4	143.3	(101.3)	119.0
Total income	8,054.3	2,403.7	107.4	143.3	(101.3)	10,607.4
Non-cash expenses (excl. depreciation & amortisation)	(175.4)	(11.2)				(186.6)

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

First nine months 2010

	Life	Non-life	Other Insurance	General	Eliminations	Total
Gross premium income	4,951.1	2,377.8		0.3	(0.1)	7,329.1
Inflow deposit accounting	1,919.4					1,919.4
Gross inflow	6,870.5	2,377.8		0.3	(0.1)	9,248.5

27.11 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, less claims and benefits and less operating expenses. Realised capital gains and losses on investments backing certain insurance liabilities, including separated funds, are part of the allocated financial income and 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 capital gains and losses on investments recognised in the income statement, backing the insurance liabilities of the various branches and not allocated to the technical result are included in the operating margin.

The reconciliation of the operating margin to the 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 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.

	<i>First nine months 2011</i>						
	<i>Belgium</i>	<i>UK</i>	<i>Continental Europe</i>	<i>Asia</i>	<i>General Account</i>	<i>Eliminations</i>	<i>Total Ageas</i>
Gross inflow Life	3,305.1	35.8	1,691.3	248.0		(0.3)	5,279.9
Gross inflow Non-life	1,293.1	1,522.8	328.6		(1.0)		3,143.5
Operating costs	(342.7)	(118.8)	(140.0)	(26.8)			(628.3)
Life technical result	154.7	(3.2)	(22.3)	19.3			148.5
- <i>Accident & Health</i>	26.0	(2.0)	17.0				41.0
- <i>Motor</i>	39.7	44.6	1.2				85.5
- <i>Fire and other damage to property</i>	(30.7)	5.4	2.9				(22.4)
- <i>Other</i>	8.7	(2.0)	(2.6)				4.1
Non-Life technical result	43.7	46.0	18.5				108.2
Total technical result	198.4	42.8	(3.8)	19.3			256.7
Capital gains (losses) allocated to operating margin	(562.3)	4.7	(18.0)	2.5			(573.1)
Operating margin	(363.9)	47.5	(21.8)	21.8			(316.4)
Share of result of associates	6.1		1.3	61.2	(140.0)	0.7	(70.7)
Other result, including brokerage	(136.7)	42.3	11.1	(9.0)	(184.7)	(1.5)	(278.5)
Profit before taxation	(494.5)	89.8	(9.4)	74.0	(324.7)	(0.8)	(665.6)
Key performance indicators							
Expense ratio	36.8%	26.4%	30.2%				31.7%
Claims ratio	66.5%	73.5%	67.3%				69.5%
Combined ratio	103.3%	99.9%	97.5%				101.2%
Life cost ratio in % of Life FUM (annualised)	0.37%		0.38%	2.58%			0.45%
Funds under management	51,827.7	2,169.5	14,744.9	1,441.7		(2.8)	70,181.0

First nine months 2010

	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	3,824.2	18.7	2,790.5	237.1		(0.1)	6,870.4
Gross inflow Non-life	1,231.2	821.1	325.5		0.3		2,378.1
Operating costs	(329.1)	(85.2)	(146.1)	(27.5)			(587.9)
Life technical result	261.4	(5.5)	66.6	16.4			338.9
- Accident & Health	28.5	(8.7)	8.3				28.1
- Motor	3.6	(0.1)	(6.5)				(3.0)
- Fire and other damage to property	(45.6)	7.9	5.5				(32.2)
- Other	35.6	5.2	1.8				42.6
Non-Life technical result	22.1	4.3	9.1				35.5
Total technical result	283.5	(1.2)	75.7	16.4			374.4
Capital gains (losses) allocated to operating margin	(60.5)	2.8	5.7	37.7			(14.3)
Operating margin	223.0	1.6	81.4	54.1			360.1
Share of result of associates	4.3			38.6	184.1	(0.7)	226.3
Other result, including brokerage	150.5	17.7	17.4	(5.7)	(277.8)	(2.8)	(100.7)
Profit before taxation	377.8	19.3	98.8	87.0	(93.7)	(3.5)	485.7
Key performance indicators							
Expense ratio	36.3%	29.5%	27.8%				33.0%
Claims ratio	69.3%	75.4%	71.2%				71.5%
Combined ratio	105.6%	104.9%	99.0%				104.5%
Life cost ratio in % of Life FUM (annualised)	0.38%		0.55%	3.00%			0.52%
Funds under management	50,977.1	1,433.0	23,781.9	1,316.3	177.4	(95.0)	77,590.7

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

Expense ratio: expenses as a percentage of the 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.

28 Contingent liabilities

28.1 Contingent liabilities relating to legal proceedings

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. capital increase and acquisition of parts of ABN AMRO 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 involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities for Ageas.

The ongoing investigations do not have immediate (material) monetary consequences for Ageas, but it cannot be ruled out that they could lead to such negative impact at a later stage. This is the case for (i) the investigations conducted by court-appointed experts in Belgium to report on the September/October 2008 transactions, (ii) investigations conducted by the Belgian Financial Services and Markets Authority (FSMA), as well as (iii) the criminal investigation conducted in Belgium. Any negative findings of these ongoing investigations may impact existing legal proceedings and lead to new proceedings against Ageas, including claims for compensatory damages being initiated against Ageas at a later stage.

On 5 February 2010, the AFM levied a fine on ageas SA/NV and ageas N.V. of EUR 288,000 each 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 16 June 2010, the expert report commissioned by the Ondernemingskamer in Amsterdam was filed for public inspection. A copy of the report can be downloaded from the Ageas website. Among other things the experts are critical of the way in which Fortis informed its investors over time and conclude that the information provided by Fortis to investors in a number of areas was incorrect or at least incomplete. In particular, they refer to : (i) the information on the position and exposure of Fortis in relation to the subprime situation in the trading update of 21 September 2007 and in the prospectus for the rights issue (which incorporated the trading update) effectuated on 9 October 2007 (although the experts acknowledge that information has not been manipulated or willingly misrepresented); (ii) information on the sale of certain parts of ABN AMRO as required by the EC competition authorities and solvency position of Fortis, in the period as of 21 May 2008 until 26 June 2008; (iii) the communication of certain facts to investors in the subsequent period and more specifically on 26 September 2008.

On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer (i) to start legal proceedings aimed at establishing that certain facts mentioned in the expert report should be deemed 'mismanagement' ('wanbeleid') by Fortis and (ii) to annul the discharge granted to Fortis directors on 29 April 2008. The findings of the Dutch experts have led and may still lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages.

The experts' findings may also impact existing legal proceedings. Although Ageas will challenge any allegations of wrongdoing, such actions if successful may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

On 19 August 2010, the AFM levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 each for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime 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. As indicated before, this may lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages. Although, if successful, such actions may ultimately have a severe material impact on Ageas, it is not possible at this point to assess whether and how many such actions might be started or to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

Ageas is also involved or may still become involved in legal proceedings directly or indirectly resulting from events and developments occurred in respect of the former Fortis group between May 2007 and October 2008:

- ◆ Various proceedings have been initiated in Belgium and the Netherlands (in)directly (i) in relation to the September/October 2008 transactions or (ii) aiming at the payment of monetary damages based on alleged miscommunication and/or market abuse committed by Fortis over the period between May 2007 and October 2008. Such proceedings include:
 - a) proceedings initiated before the Brussels Commercial Court:
 - by a number of individuals represented by Mr. Modrikamen initially demanding 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 a.o. decided that it is not competent to judge on actions against the Dutch defendants; on 26 April 2011, Mr. Modrikamen filed (i) an appeal against the forementioned decision on competence and (ii) a trial brief on the merits regarding the sale of the Belgian bank. The claim now focuses on damages asked from the Dutch State, DNB, SFPI and BNP Paribas;
 - by a number of individuals gathered around Deminor International, demanding damages because of alleged lack of or misleading information by Fortis in the period March 2007 until October 2008; these proceedings are pending;

b) proceedings initiated before the Amsterdam District Court:

- by VEB demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis and certain of its former directors and top executives; that each of these breaches is an unlawful act of all or certain defendants and that these defendants are consequently liable for damages suffered by those who bought shares in the relevant period; This includes a claim (vis-à-vis Fortis, certain of its former directors and top executives and the financial institutions acting as global coordinators and lead managers in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete;
- by the Dutch State claiming an amount of EUR 210 million from the Ageas parent companies and EUR 674 million from Ageas Insurance International N.V. The Dutch State bases these alleged claims on the application of certain provisions allegedly agreed by Fortis Insurance N.V., Fortis Insurance International N.V. and Fortis FBN(H) Preferred Investments B.V. in the context of the sale of the Dutch banking and insurance activities on 3 October 2008.

c) proceedings initiated before the Amsterdam Court of Appeal

- by the Stichting FortisEffect and a number of individuals represented by Mr. De Gier demanding to repeal the judgment of the Amsterdam District Court of 18 May 2011 in favour of Ageas, which dismissed their claim to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the transactions, or alternatively, to pay damages;

d) proceedings initiated before the Utrecht District Court:

- by a number of individuals represented by Mr. Bos demanding damages due to alleged miscommunication. In this context, some former directors and top executives of Fortis have requested the court to acknowledge the alleged obligation of Ageas, under termination agreements entered into in 2008 and/or rules of Dutch civil law, to hold such persons harmless against damages resulting from or relating to the legal proceedings initiated against them and which would originate from their functions within the Fortis group. Ageas is contesting the validity of the mentioned statutory and contractual hold harmless commitments;
- by a Stichting under Dutch law, called 'Investor Claims Against Fortis' alleging miscommunication by Fortis on various occasions in the period 2007-2008. This includes a claim (vis-à-vis Fortis and two of its financial advisors) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete.

As said above Ageas denies any wrongdoing and will challenge any allegations thereof in court. However, if successful this may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

Should any of these proceedings result in the annulment of (part of) the decisions taken by the Fortis Board in September/October 2008 and of the resulting agreements and transactions (which is highly unlikely taking into account that neither the Belgian experts appointed by the Brussels Court of Appeal on 12 December 2008 nor the Dutch experts appointed by the Dutch Ondernemingskamer have criticised these 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), this would have consequences on the financial position of Ageas that are unquantifiable at this stage. In the event that any court decisions were to order Ageas to pay monetary damages, this could have a severe negative impact on its financial position.

- ◆ Legal proceedings have also been initiated related to a hybrid instrument called Mandatory Convertible Securities (MCS) for which ageas SA/NV and ageas N.V. acted as co-obligors.

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), Fortis Bank SA/NV, ageas SA/NV and ageas N.V., were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Before 7 December, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. The effects of this decision were however suspended by the President of the Commercial Court of Brussels at the request of Ageas. After 7 December, the same MCS holders contested the validity of the conversion of the MCS by claiming the annulment of the conversion or, alternatively, damages for an amount of EUR 1.75 billion, before court. Ageas is convinced, after consultation with its legal advisors that this claim is without merits.

Following the conversion of the MCS, Ageas has initiated a claim against ABN AMRO Bank and ABN AMRO Group in relation to the failure of ABN AMRO Bank to issue shares in its capital to Ageas for the amount of EUR 2 billion, in accordance with an agreement between the four MCS issuers. A party representing certain MCS holders levied an attachment on the claims of Ageas against ABN AMRO Bank and ABN AMRO Group as well as the Dutch State to secure payment of their potential damages. At the request of Ageas the Utrecht District Court decided on 8 June 2011 that this attachment should be lifted.

Finally, the Dutch State has joined these proceedings. The Dutch State alleges that Ageas, by pursuing its claim against ABN AMRO Bank is acting in violation with the Term Sheet entered into upon the sale of Fortis Bank Nederland (Holding) N.V. to the Dutch State on 3 October 2008. The Dutch State alleges that Ageas has waived its right to the claim and that to the extent that Ageas would prevail in its claim against ABN AMRO Bank, such claim should be transferred to the Dutch State pursuant to the legal title of damages or the terms of the Term Sheet. Before having initiated the litigation, the Dutch State had levied a conservatory attachment on Ageas's claims against ABN AMRO Bank.

In respect of all legal proceedings and investigations of which management is aware, Ageas will make provisions for such matters if and when, in the opinion of management, who consult with legal advisors, it is probable that a payment will have to be made by Ageas and the amount can be reasonably estimated.

Without prejudice to any specific comments made above, given the various stages and continuously evolving nature as well as inherent uncertainties and complexity of the current proceedings and investigations, management is not in a position to determine whether any claims or actions brought against Ageas in connection with these proceedings and investigations are without merit or can be successfully defended or whether the outcome of these actions or claims may or may not result in a significant loss in the Ageas Consolidated Financial Statements. Therefore, no provisions have been set apart, other than a provision of EUR 2.4 billion in relation to the disputes with the Dutch State, as mentioned in Note 20.

In 2008, the Fortis parent companies granted to some former executives and directors at the time of their departure a contractual hold harmless protection covering legal expenses and, in some cases, also the financial consequences of any judicial decisions in the event that legal proceedings were brought against such persons on the basis of their mandates exercised in the company. In respect of some of these persons, Ageas is contesting the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

28.2 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) is a EUR 3 billion instrument issued by Fortis Bank SA/NV, with ageas SA/NV and ageas N.V. acting as co-obligors. According to the terms and conditions of this instrument it will only be reimbursed by Fortis Bank by means of an exchange against already issued Ageas shares, owned by Fortis Bank (the reported number of outstanding Ageas shares as at 30 September 2011 already includes the 125,313,283 Ageas shares issued for the purpose of such exchange). Pending the exchange of the CASHES against Ageas shares, these Ageas shares do not have any dividend rights or voting rights.

The principal amount of the CASHES will not be repaid in cash. The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the 125,313,283 Ageas shares that Fortis Bank pledged in favour of such holders.

The CASHES have no maturity date, but may be exchanged for Ageas shares at a price of EUR 23.94 per share at the discretion of the holders. From 19 December 2014, the CASHES will be automatically converted into Ageas shares if the price of the Ageas share is equal to or higher than EUR 35.91 on twenty consecutive stock exchange business days. Coupons on the securities, in principle payable by Fortis Bank, are payable quarterly, in arrears, at a variable rate of 3 month Euribor + 2.0%.

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 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 would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons so 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 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 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.

3. FRESH litigation

On 11 February 2011 the Commercial Court of Brussels dismissed the claims of two Luxembourg funds who demanded that the FRESH securities they held would be declared null and void and that the nominal value thereof would be reimbursed. This court decision is final.

29 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment or disclosures in the Ageas Consolidated interim Financial Statements as at 30 September 2011.

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 nine months of 2011 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 for the first nine months gives a true and fair view of the assets, liabilities, financial position, profit or loss of Ageas and the undertakings included in the consolidation as a whole 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 nine months of 2011 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 nine months of 2011 on 8 November 2011 and authorised their issue.

Brussels/Utrecht, 8 November 2011

Board of Directors

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

Review report

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Ageas as at 30 September 2011, the consolidated income statement and consolidated statements of comprehensive income for the nine and three month period then ended, changes in equity and cash flows for the nine month period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ('the condensed consolidated interim financial information'). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 September 2011 and for the nine 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 28 to the condensed consolidated interim financial information for the nine months period ended 30 September 2011 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, 8 November 2011
KPMG ACCOUNTANTS N.V.

Represented by
W.G. Bakker RA

Brussels, 8 November 2011
KPMG Réviseurs d'Entreprises/
Bedrijfsrevisoren

Represented by
M. Lange
Réviseur d'Entreprises/Bedrijfsrevisor