

Insurance activities net profit EUR 228 million

Group net profit EUR 886 million

Highlights

- Insurance net profit of EUR 228 million; negative impact of market on investment portfolio of EUR 84 million net-of-tax, compensated by a EUR 94 million tax recovery in Belgium
- Group net profit of EUR 886 million of which General net profit of EUR 658 million; EUR 835 million net positive result on transaction related events and a EUR 301 million net-of-tax charge for legal dispute with Fortis Capital Company Ltd
- Total gross inflow, including non-consolidated joint ventures at 100%, stable at EUR 7.9 billion; inflow on a consolidated basis EUR 5.9 billion (down 6%)
- Capital position further strengthened; Total insurance solvency ratio of 229%

CEO Bart De Smet said: 'The first half of 2009 was marked by the closing of the transactions with BNP Paribas, the Belgian State and Fortis Bank, representing a new start for Fortis as a pure insurance company. Our results benefited from a number of exceptional items related to these transactions but I'm also pleased to report that our insurance operations performed well in what were sometimes difficult markets, with inflow levels in line with the same period last year. For the entire year, and based on the most recent data, we expect our inflow levels to be at least in line with last year. Several commercial campaigns were rolled out in a number of countries in support of efforts to increase inflows, and resulted in a strengthening of our main market positions, an illustration of the resilience of our franchise. Nevertheless, we expect the market environment to remain challenging with an economic situation impacting customer behaviour across Life and Non-Life businesses. As in the past, we remain vigilant and disciplined towards our business performance. As previously announced, we are currently conducting a strategic review, focusing on our insurance activities and the balance sheet structure, the conclusions of which will be communicated on 25 September. In conclusion, we continue to leverage the full potential of the new Fortis.'

Key figures Fortis

in EUR million

	H1 09	H1 08 ^o	Change	H2 08	Change
Net profit Insurance before minority interests	263	350	(25%)	(319)	*
- Net profit attributable to minority interests	35	31	13%	(6)	*
Net profit Insurance after minority interests	228	319	(29%)	(313)	*
Net profit General (incl. eliminations)	658 ⁽¹⁾	(294)	*	(322)	*
Net profit after minority interests	886	25	*	(635)	*
- Net result on discontinued operations	-	1.613	*	(29,025)	*
Net profit attributable to shareholders	886	1.638	(46%)	(29,660)	*
Weighted average number of ordinary shares (in million)	2,475	2,195	13%	2,396	3%
Earnings per share (in EUR)	0.36	0.75	(52%)	(12.38)	*
Net equity per share (in EUR)	3.11	12.48	(75%)	2.75	13%
Return on equity in (%) ⁽²⁾	6%	14%	*	*	*
Funds Under Management (in EUR bn)	68.5	68.0	1%	65.9	4%
Total solvency ratio Insurance (as %)	229%	n.a. ⁽³⁾		202%	

⁽¹⁾ Includes profit on sale of 25%+1 share in AG Insurance

⁽²⁾ Rolling average, based on net profit six months and average equity last four quarters

⁽³⁾ Figure not available due to scope change

1 Executive summary

Please refer to pages 5 to 29 for further details.

1.1 Net profit

Fortis' first half 2009 **net profit** after minority interests amounted to EUR 886 million, including a EUR 228 million net profit of the insurance activities. Minority interests in the first half amounted to EUR 35 million, including EUR 10 million related to the stake of AG Insurance acquired by Fortis Bank on 12 May 2009. Net profit before minority interests amounted to EUR 921 million. Fortis' General segment reported a net profit of EUR 658 million, driven by a number of events related to the closing of the transactions with BNP Paribas, the Belgian State and Fortis Bank, as well as a net-of-tax charge of EUR 301 million related to the legal dispute with Fortis Capital Company Ltd. The net result after minority interests compares with a net profit of EUR 1,638 million in the same period last year, which included a profit on discontinued operations of EUR 1,613 million, related to the banking operations and the Dutch insurance activities sold in the second half of 2008.

Insurance

Life insurance operations contributed EUR 184 million to net profit after minority interests, while **Non-Life** insurance net profit amounted to EUR 44 million. This compares with EUR 214 million for Life and EUR 105 million for Non-Life in the first half of last year. The decline in Non-Life is due to exceptional weather-related events and a general trend of higher claims in both Belgium and the UK, Fortis' two main Non-Life markets. This is also reflected in the increase in combined ratios at AG Insurance (105.6% in the first half of 2009 compared with 101.2% in the first half of 2008) and in Fortis Insurance International (106.1% in the first half of 2009 compared to 97.8% in the first half of 2008). A number of measures have been implemented in these markets, including tariff increases, changes to product specifications and cost containment measures, in order to reduce the combined ratio going forward. The Life result suffered from a higher negative impact of the financial crisis than last year, despite the positive impact of a one-off tax recovery in Belgium of EUR 94 million.

Net profit of insurance operations after minority interests amounted to EUR 215 million in the second quarter of 2009, compared with EUR 13 million in the first quarter. The increase was driven by the absence of write-downs on the investment portfolio, seasonality in Non-Life and a one-off dividend tax recovery in Belgium.

On a segment basis, net profit of **AG Insurance** after minority interests amounted to EUR 195 million. Minority interests amounted to EUR 11 million. The net result before minorities amounted to EUR 206 million, compared to EUR 251 million last year. Life and Non-Life activities contributed EUR 173 million and EUR 22 million respectively. Non-Life net profit decreased by 62% compared with the same period last year, mainly due to exceptional weather-related events and a general worsening of the Non-Life environment. Net profit on Life activities declined by 10% due to the absence of capital gains and the higher negative impact of the financial crisis on the investment portfolio. AG Insurance's net profit includes a one-off tax recovery of EUR 94 million, relating to dividend received deduction (DRD)¹ for the period 2003 to 2008.

Net profit of **Fortis Insurance International (FII)** after minority interests was EUR 33 million. Minority interests amounted to EUR 24 million. The net result before minority interests amounted to EUR 57 million, compared with EUR 99 million last year. Life and Non-Life activities contributed EUR 11 million and EUR 22 million respectively. The main reasons for the lower result were lower investment revenues, a changed product mix in Life, which resulted in lower revenues from unit-linked products, and a higher claims ratio in Non-Life.

¹ Dividend received deduction (DRD): tax recovery based on the amendment to Belgian legislation concerning the tax exemption of certain dividends.

General

Fortis' General segment reported a net profit of EUR 658 million (including eliminations). Net profit includes a capital gain of EUR 697 million related to the sale of 25% + 1 share of AG Insurance to Fortis Bank as well as a charge of EUR 301 million net-of-tax related to the legal dispute on the Class A1 Preference shares issued by Fortis Capital Company Ltd (FCC) in 1999, and the subsequent ruling on this matter by a Dutch court in summary proceedings on 25 June 2009.

Fortis announced in its first quarter 2009 trading update that it would assess in the course of the second quarter of 2009 how to account for a number of specific items related to the above-mentioned transactions with BNP Paribas, the Belgian State and Fortis Bank. In this context, the net profit of General includes a charge of EUR 344 million related to the fair value of the future quarterly interest payments based on the value of the Relative Performance Note (related to CASHES) as well as the EUR 482 million gain net-of-tax for the valuation of the call option, linked to the BNP Paribas shares, granted by SFPI/FPIM. No impairment has been recorded with respect to the EUR 760 million equity investment in Royal Park Investments.

1.2 Gross inflow

In difficult market circumstances, the commercial performance has been sustained, illustrating the strength of our franchise. Focused campaigns, product innovation and the multi-channel approach resulted in total **gross inflow**, including non-consolidated joint ventures at 100%, of EUR 7.9 billion, almost stable on the first half of 2008 and up 17% on the second half of 2008. Excluding gross inflow of EUR 2.0 billion of non-consolidated joint ventures at 100%, gross inflow was 6% lower than in the same period last year. Compared to the second half of last year, the inflow increased by more than 26% in AG Insurance, with especially the Life activities recovering well. The international activities were up 11%, with a similar trend as for the Belgian activities, i.e. lower sales in unit-linked in Life.

Inflow in Life activities, including non-consolidated companies at 100%, remained stable at EUR 6.3 billion, while inflow in Non-Life amounted to EUR 1.6 billion. Specific campaigns in selected areas supported the inflow and resulted in an increase in market share in certain countries. The Asian operations performed very well, supported by a positive currency impact.

Total gross inflow at **AG Insurance** amounted to EUR 3.5 billion, up 2% compared with last year. Life inflow was up 2% to EUR 2.8 billion, while Non-Life increased by 4% to EUR 0.8 billion. In Life, robust sales through the bank and employee benefits channels more than compensated for weaker sales via the broker channel, which remained impacted by the negative sentiment surrounding Fortis. The Non-Life segment was marked by growth in all product lines with the broker channel especially performing well.

Total gross inflow at **Fortis Insurance International**, including non-consolidated joint ventures at 100%, amounted to EUR 4.4 billion, 1% lower than the same period last year. Life inflow was EUR 3.6 billion and Non-Life EUR 0.8 billion. Non-consolidated joint ventures recorded EUR 2.0 billion of total first-half inflow, and were up 26%, mainly driven by significantly higher inflows in China, as well as positive currency effects. The inflow from consolidated activities amounted to EUR 2.4 billion, 17% lower than in the first half of 2008. The Luxemburg and French activities continued to suffer from lower demand for unit-linked products and the negative commercial impact of the events of last year. Specific sales campaigns helped to maintain or even strengthen market share in the main markets. Inflow in the UK was negatively impacted by adverse movements in exchange rates.

1.3 Net equity & net cash position

Net shareholders' equity amounted to EUR 7.7 billion at 30 June 2009. This figure includes the capital gain of EUR 697 million on the sale of 25%+1 share of AG Insurance to Fortis Bank, the accounting impact of the valuation net-of-tax of the call option on the BNP Paribas shares and the fair value of the future quarterly interest payments related to the Relative Performance Note, amounting to EUR 482 million and EUR 344 million respectively, and the EUR 301 million net-of-tax charge related to the legal dispute with FCC. All these elements are included in the equity of the General segment.

The net cash position of General as at 30 June 2009, assuming full redemption of the European medium-term notes and commercial paper (EMTN) programmes, was EUR 3.0 billion. As at 30 June 2009, the amount outstanding on this EMTN programme was EUR 1.0 billion.

1.4 Investment portfolio and capital position

Fortis' investment portfolio amounted to EUR 51.9 billion as at 30 June 2009, comprising 92% fixed income securities, 2% equities and 6% real estate. Government bonds represented 65%, corporate bonds 34% and structured credits 1% of the total bond portfolio. About 97% of the portfolio was rated A or higher and 53% AA or higher. The corporate bond portfolio (EUR 16.4 bn) is mainly investment grade, with EUR 8.0 billion financial-related and EUR 6.3 billion in government agencies and supranationals.

Fortis' core equity amounted at EUR 8.3 billion as at 30 June 2009. It exceeded the total consolidated regulatory minimum requirement for the insurance activities by EUR 5.7 billion. Core equity of the insurance operations was EUR 5.6 billion, 217% of the regulatory required minimum, while the total available capital of the insurance entities amounted to EUR 6.0 billion, 229% of the regulatory required minimum. The total solvency ratio was 194% for AG Insurance and 327% for Fortis Insurance International at the end of the first half of 2009.

1.5 FTEs

Fortis employed 10,322 FTEs on 30 June 2009, of which 5,589 were at AG Insurance, 4,687 at Fortis Insurance International and 46 at General.

2 Description of events

2.1 Transactions and current scope of activities

The first half of 2009 was marked by renewed negotiations, and the subsequent approval and closing of the transactions with BNP Paribas, Fortis Bank and the SFPI/FPIM. The renewed negotiations involved the sale of Fortis Bank and part of the Belgian insurance activities.

The original agreement, dating from 5 and 6 October 2008, to sell Fortis Bank and the Belgian insurance activities was renegotiated following a court ruling on 12 December 2008 and the publication of a report by a panel of Belgium experts. The revised transaction, announced on 31 January 2009, was rejected by the shareholders' meeting of Fortis SA/NV on 11 February 2009. On 6 March 2009, an agreement was reached on revised terms for the transaction. On 28 and 29 April 2009, the General Meetings of Shareholders respectively Fortis SA/NV in Ghent, Belgium, and Fortis N.V. in Utrecht, the Netherlands, approved the transactions, which were then closed on 12 May 2009.

For further details of the transactions, please refer to the shareholder' circular published on 16 March 2009 and the press release published on 13 May 2009 on www.fortis.com.

Since 12 May 2009, Fortis has consisted of:

- 75% - 1 share of AG Insurance (previously Fortis Insurance Belgium)
- Fortis Insurance International
- General segment

Fortis Insurance Belgium was rebranded **AG Insurance** on 22 June 2009. As from that date, the new brand name has been used in the broker channel and employee benefits channel in Belgium. AG Insurance is Belgian market leader in Life insurance and runner-up in Non-Life.

Fortis Insurance International consists of a number of Life and Non-Life insurance activities in Europe and Asia, some of which are fully owned by Fortis, while others are in the form of subsidiaries and affiliates with local partners.

The **General** segment comprises the holding companies and various financing vehicles that have been used to issue debt to finance Fortis' (former) banking and insurance activities. Under the new scope of Fortis, the General segment will no longer provide leverage at group level, but will manage shareholders' equity, provide back-to-back funding to the operating entities and include the corporate centre of Fortis. The General segment also includes the equity stake in Royal Park Investments SA/NV (RPI), a special purpose vehicle which has acquired a portion of the structured credits portfolio of Fortis Bank. Following the agreement, Fortis made an equity investment of EUR 760 million in RPI, representing a stake of 44.7%. The other shareholders, SFPI/FPIM and BNP Paribas, own 43.5% and 11.8% respectively. Lastly, General includes the fair value related to the future quarterly interest payments, based on the value of the relative performance note (RPN) related to the CASHES financial instrument and the valuation of the call option linked to the BNP Paribas shares, granted by SFPI/FPIM.

2.2 Other events

On 1 February 2009, Fortis announced that Louis Cheung Chi Yan would resign from the Board of Directors with immediate effect.

On 11 and 13 February 2009, the General Meetings of Shareholders of Fortis SA/NV and Fortis N.V. elected Jozef De Mey, Georges Ugeux and Jan Zegering Hadders as non-executive members of the Board of Directors until the close of the Annual General Meeting in 2011. Jozef De Mey was appointed Chairman. Georges Ugeux decided to step down the same day.

On 23 February 2009, Fortis decided to dissolve and liquidate Stichting Continuïteit Fortis. The purpose of the Stichting was to guarantee the continuity of Fortis N.V. and as such to safeguard the interests of Fortis and of all the companies belonging to the Fortis Group.

On 15 March 2009, Fortis announced that it would not pay a dividend for the 2008 calendar year due to a significant statutory loss carried forward by Fortis SA/NV, based on Belgian accounting standards.

On 28 and 29 April 2009, the General Meetings of Shareholders of Fortis SA/NV and Fortis N.V. elected Frank Arts, Guy de Selliers de Moranville, Roel Nieuwdorp, Lionel Perl and Jin Shaoliang as non-executive members of the Board of Directors until the close of the Annual General Meeting in 2011.

On 8 May 2009, the Board of Directors announced the appointment of Mr Guy de Selliers de Moranville as Vice-Chairman. At the same time the Board announced the composition of three Board committees, the Audit Committee, the Remuneration Committee and a Governance Committee.

On 27 May 2009, Fortis confirmed its intention to resume dividend payments as from the 2009 financial year.

On 15 June 2009, Fortis announced its intention to appoint Bart De Smet as Chief Executive Officer with effect from 1 July 2009. Bart De Smet joined Fortis in 1998. He has spent his entire career in the insurance business and for the last two and a half years has been CEO of AG Insurance, the Fortis group's largest operating entity. Karel De Boeck, who was elected CEO by the Shareholders' Meetings of 1 and 2 December 2008, stepped down as CEO on 1 July 2009 and resigned from the Board. Bart De Smet was co-opted by the Board of Directors of Fortis SA/NV in Belgium with effect from 1 July 2009. A proposal to elect Bart De Smet as executive member of the Board of Directors of Fortis SA/NV for a period of three years will be submitted to the next General Meeting of Shareholders of Fortis SA/NV. An Extraordinary General Meeting of Shareholders of Fortis NV will be convened on 18 September 2009 to elect Bart De Smet as executive member of the Board of Fortis N.V. with effect from 1 July 2009 until the close of the Annual General Meeting of Shareholders in 2013. On the same day, Fortis also announced the step down of Peer van Harten, CEO Insurance.

In order to allow Bart De Smet to concentrate his energies on managing the insurance business and developing strategies for future growth, two internal task forces are created to deal with the legacy issues of the old Fortis. One task force covers financial aspects, the other task force covers legal aspects. Both task forces involve members of the Board and report directly to the Board. Their work is co-ordinated by Jozef De Mey, Chairman of the Board.

On 25 June 2009, Fortis UK and Tesco Personal Finance (TPF) announced that they were in exclusive discussions on forming a new partnership to provide motor and household insurance in the United Kingdom.

On 26 June 2009; Fortis was obliged by a Dutch court to make an immediate payment of EUR 362.5 million with respect to its alleged obligations related to the redemption of the Class A1 Preference Shares, issued by Fortis Capital Company (FCC). On 26 March 2009 Fortis Capital Company (FCC) announced not to call the preference shares, issued in 1999, with a nominal value of EUR 450 million.

This instrument was callable in June 2009. According to a support agreement granted by Fortis SAVNV and Fortis N.V., holders of these preference shares had a one-time right to exchange their preference shares for Fortis ordinary shares, and Fortis in turn could redeem the preference shares in cash in stead of issuing the required shares. Preference share holders representing EUR 362.5 million elected to exchange their preference shares, and Fortis elected to pay the redemption of these preference shares in cash. FCC challenges Fortis right for compensation of the paid amount. After a court ruling in summary proceedings Fortis paid the indicated amount while FCC did not compensate Fortis. The same judge sitting in summary proceedings ruled that Fortis be granted a double guarantee by Fortis Capital Company (FCC) and Fortis Bank Nederland (Holding) as security for its compensation claim against FCC. On 24 August 2009, Fortis has effectively started the proceeding on the merits of the case.

On 3 August 2009; 86% of the holders of the Trust Preferred Securities (TOPrS), issued by ASR, opted for the exchange of the existing instrument into a new Tier 1 security. On 26 March 2009, ASR (the former Fortis Verzekeringen Nederland, an entity now fully owned by the Dutch State) announced its decision not to call its Trust Preferred Securities (TOPrS), issued by Fortis Capital Funding Trusts, on the scheduled first call date. The amount of securities outstanding amounted to EUR 650 million and Fortis had granted a guarantee on these instruments, which represented a contingent liability. When ASR announced not to call the Trust Preferred Securities, it expressed its intention to exchange the existing instruments. In July 2009, ASR launched this exchange offer, combined with a consent solicitation whereby the existing trust preferred structure was to be dismantled. ASR released the results of the exchange and consent solicitation on 3 August 2009, with investors consenting in aggregate by 91% to the necessary amendments and 86% simultaneously opting to exchange into New Tier 1 securities. As a result, all investors received directly issued ASR Tier 1 securities and the entire trust preferred structure is dissolved. The Fortis' guarantee on these securities therefore ceased to exist.

On 12 August, Fortis announced the appointment of Mr Bruno Colmant as Deputy Chief Executive Officer. He will be responsible for Finance, Legal and the management of the legacy issues of the former Fortis. His appointment takes effect as of 1 September 2009.

As a result of the events of last October, Fortis' activities, scope and management have changed significantly. As announced earlier this year, Fortis is conducting a strategic review. The review focuses on the insurance activities going forward, the management of group capital and the simplification of Fortis' governance and organisational structure. Fortis will publish the outcome of this exercise on Friday 25 September 2009.

3 Results

3.1 AG Insurance

Income Statement - Life

AG Insurance - Life

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross written premiums	2,451	2,323	5%	1,754	40%
Investment contracts without dpf	295	372	(21%)	368	(20%)
Gross inflow Life	2,746	2,695	2%	2,122	29%
Technical result	157	78	*	(88)	*
Allocated capital gains	(46)	66	*	(132)	(65%)
Operating margin	111	144	(22%)	(220)	*
Non-allocated other income and expenses	40	50	(22%)	42	(7%)
Profit before taxation	151	194	(22%)	(178)	*
Income tax expenses	32	1	*	(97)	*
Results on discontinued operations	-	-	*	-	*
Net profit attributable to minority interests	10	3	*	2	*
Net profit attr. to shareholders before results of divestments	173	192	(10%)	(277)	*
Results on divestments	-	-	*	-	*
Net profit attributable to shareholders	173	192	(10%)	(277)	*

Income Statement - Non-Life

AG Insurance - Non-Life

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross written premiums Non-Life	808	774	4%	691	17%
Technical result	19	58	(68%)	60	(69%)
Allocated capital gains	(5)	10	*	(12)	(57%)
Operating margin	14	68	(80%)	48	(72%)
Non-allocated other income and expenses	7	3	92%	13	(42%)
Profit before taxation	21	71	(71%)	61	(66%)
Income tax expenses	2	(15)	*	(25)	*
Results on discontinued operations	-	-	*	-	*
Net profit attributable to minority interests	1	0	*	1	*
Net profit attr. to shareholders before results of divestments	22	56	(62%)	35	(38%)
Results on divestments	-	-	*	-	*
Net profit attributable to shareholders	22	56	(62%)	35	(38%)

Income Statement

AG Insurance

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross inflow	3,554	3,469	2%	2,813	26%
Operating costs	(209)	(199)	5%	(206)	2%
Net profit attributable to shareholders	195	248	(21%)	(242)	*

- **Net profit before minorities of EUR 206 million compared with EUR 251 million in first half of 2008, due to a lower contribution of Non-Life; net profit after minority interests of EUR 195 million**
- **A positive one-off dividend tax recovery (EUR 94 million) largely offset by the negative impact of financial markets on the investment portfolio (EUR 82 million net-of-tax)**
- **Life gross inflow up 2% to EUR 2.7 billion, thanks to strong sales of individual life savings products through the bank channel and a solid sales performance in Employee Benefits.**
- **Non-Life gross written premiums up 4% to EUR 808 million, supported by growth in the broker channel**
- **Latest Assuralia study confirms reinforced market position in Life and Non-Life**
- **Name change of Fortis Insurance Belgium to AG Insurance well accepted by the market**

Net profit of AG Insurance amounted to EUR 206 million, compared with EUR 251 million last year. Minority interests amounted to EUR 11 million, resulting in a **net profit after minority interests** of EUR 195 million² in the first half of 2009, compared with EUR 248 million in the same period last year. The decline in net profit can be mainly explained by higher write-downs and impairments of the investment portfolio and the absence of capital gains in Life, as well as a lower contribution from Non-Life. Non-Life insurance activities suffered from adverse claims behaviour. AG Insurance benefited from a one-off DRD¹ tax benefit of EUR 94 million, related to the 2003-2008 period. This positive effect was offset by a EUR 82 million net-of-tax loss on the investment portfolio, including write-downs on the investment portfolio (mainly Sicafi -real estate fund- related), and a small number of investment losses on equities as the equities portfolio was already significantly reduced by the end of 2008.

Total **gross inflow** amounted to EUR 3.5 billion in the first half, up 2% compared with last year; a satisfactory performance in a continued uncertain economic environment. Life inflow increased by 2% to EUR 2.8 billion, primarily driven by strong savings inflow through the bank channel and a solid sales performance of the employee benefits channel. Gross written premiums at Non-Life increased by 4% to EUR 808 million, benefiting from the well diversified product portfolio. This commercial performance confirmed the trend observed in the first quarter of this year. It proves the success of AG Insurance's multi-channel and product innovation strategy, which has helped to minimise the negative impact of the turbulence surrounding Fortis at the end of last year.

Total gross inflow in the first six months of 2009 was 26% higher than in the second half of 2008, driven by a strong pick-up in commercial activity in both Life and Non-Life. Total gross inflow in the second quarter was EUR 1.7 billion, almost flat compared with the first quarter.

Operating costs were up 5% to EUR 209 million, mainly because of wage indexation. FTEs at AG Insurance amounted to 5,589 (including 1,782 FTEs at Fortis Real Estate), an increase of 47 compared with year-end 2008.

The Life business's cost ratio, as a percentage of average funds under management, remained stable at 0.39%, as wage drift was offset by an increase in funds under management. The Non-Life cost ratio, as a percentage of gross written premiums, increased by 0.6% to 17% at the end of the first half of 2009, primarily as a consequence of inflation-driven wage increases.

The **combined ratio** stood at 105.6% at the end of the first six months, compared with 101.2% for the first half of last year; the increase is mainly related to higher claims and higher wage costs. A number of measures, including cost containment measures, changes to product specifications and tariff increases, have been initiated and should help to bring down the combined ratio going forward.

¹ Dividend received deduction (DRD): tax recovery based on the amendment to Belgian legislation concerning the tax exemption of certain dividends

² On 12 May 2009 Fortis sold 25% + 1 share of AG Insurance to Fortis Bank, resulting in a minority interest of EUR 10 million for the first half of 2009, in addition to the minority interests related to Interparking.

Life

Life **inflow** reached EUR 2.7 billion at the end of the first half, up 2% on the same period last year. Individual Life inflow stood at EUR 2.2 billion, 2% higher compared with last year, while Group Life inflow amounted to EUR 544 million, up 2% on the first half of 2008.

Individual Life inflow via the bank channel was up 23% compared with the same period last year, on the back of attractive interest rates on savings products (EUR 1.5 billion), which proved an attractive proposition compared with bank savings products. Inflow into unit-linked products reached EUR 258 million, including six tranches of structured unit-linked products generating EUR 181 million.

Individual Life inflow through the broker channel amounted to EUR 348 million, a decrease of 47% compared with last year. A downward trend was recorded in both savings and unit-linked products, as this distribution channel suffered from both the turbulence surrounding Fortis since mid 2008 and the low appetite for the previously very successful 0% guaranteed savings product (Top Rendement Invest) following a low client return rate in 2008. The broker life product offering has since been upgraded with Safe Return Plus, a new savings product anticipating increasing demand for guaranteed interest rate products. Safe Return Plus offers a competitive and attractive guaranteed interest rate of 3.25%.

Group Life business, generated through the employee benefits channel, posted a 2% growth, with inflow reaching EUR 544 million in the first six months of the year. This demonstrates the attractiveness of the AG Insurance Employee Benefits channel and the loyalty of the customers in difficult circumstances.

AG Insurance has been able to maintain and even strengthen its market leadership position in all areas of life insurance, as the latest market survey by the industry association Assuralia has reconfirmed. AG Insurance's share of the Individual Life market increased from 22% at the end of the first quarter of 2008 to 33% at the end of the first quarter of this year, thanks to the strong performance of the bank channel. Its share of the individual non-unit-linked market climbed from 21.7% to 32.6% at the end of the first quarter of 2009, while its market share of unit-linked increased from 27.9% to 47.3%. AG Insurance has confirmed its market leadership of second-pillar group life insurance with a 30% market share.

First half 2009 inflow increased by 29% compared with the second half of 2008, mainly driven by a strong pick-up in commercial activity in Individual Life (+35%).

Annualised premium equivalent (APE) decreased by 4% to EUR 223 million from EUR 233 million in the first half of 2008.

Life **funds under management** increased by 4% to EUR 43.4 billion compared with year-end 2008, with both unit-linked and non-unit-linked contributing. Funds under management related to non-unit-linked business increased by 4% to EUR 37.4 billion. Unit-linked funds under management climbed by 2% thanks to the launch of various tranches of structured unit-linked products and the recovery of the equity markets, especially in the second quarter. Lapse rates in savings and unit-linked, which increased last year and in the first quarter of this year, improved substantially during the second quarter and went back to normal levels. The Life market share in terms of funds under management remained stable at around 28% at the end of the first quarter of 2009.

Despite the substantial increase in the technical result from EUR 78 million to EUR 157 million at the end of June, entirely due to the lower impact of the financial turmoil in the first half of 2009, the **operating margin** decreased from EUR 144 million to EUR 111 million, as the negative impact of last year's financial turmoil was offset by substantial CPPI³-driven capital gains on equities in the first half of 2008.

³ CPPI stands for Constant Proportion Portfolio Insurance

Life's first half **net profit** amounted to EUR 173 million, down 10% compared with the same period last year. Life benefited from the above-mentioned DRD tax recovery (EUR 86 million), but was also hit by the negative impact of the market environment on the investment portfolio (EUR 77 million) and lower capital gains.

Non-Life

Gross written premiums amounted to EUR 808 million in the first half, up 4% on the same period last year and outperforming the overall growth in the Non-Life⁴ market. This growth was recorded in all product lines, partly driven by new business but also by tariff and ABEX⁵ increases.

Gross written premiums generated by the broker channel stood at EUR 581 million, up 5% on the same period last year. Of these, EUR 59 million related to the Accident & Health line of business for large companies. The bank channel realised EUR 117 million of gross written premiums. Inflow in Health Care generated through the employee benefits channel went up 8% to EUR 110 million.

AG Insurance's market share remained strong in Non-Life, as it did in Life, and even slightly increased from 13% at the end of the first quarter 2008 to 14% at the end of the first quarter 2009⁶.

Compared with the second half of 2008, gross written premiums were up 17%, a traditional seasonal effect as the first half of the year typically benefits from the sizeable annual payments in the SME segment in January.

The **combined ratio**, including workmen's compensation, was 105.6% for the first six months of 2009, compared with 101.2% in the first half year of 2008. This increase was mainly due to higher claims, including weather events (heavy winter, storms and floods), an increased motor claims frequency, and an exceptional number of large fire claims, as well as inflation-linked wage increases. Several measures have been implemented, including cost containment measures but also tariff increases and changes to product specifications, in order to reduce the combined ratio going forward.

As a consequence of a weaker technical performance and the capital losses, the **operating margin** declined to EUR 14 million for the first half compared with EUR 68 million for the same period last year. This trend was also reflected in net profit, which declined from EUR 56 million to EUR 22 million, despite a EUR 8 million DRD tax recovery in 2009.

⁴ The Belgian Non-Life market grew by 2.9% in Q1 2008 – Q1 2009 (based on Assuralia statistics)

⁵ ABEX: reference index linked to construction prices

⁶ Based on Assuralia's latest market data

3.2 Fortis Insurance International

Income Statement - Life

Fortis Insurance International - Life

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross written premiums	898	747	20%	972	(8%)
Investment contracts without dpf	894	1,456	(39%)	927	(4%)
Gross inflow Life	1,792	2,203	(19%)	1,899	(6%)
Technical result	35	54	(35%)	(78)	*
Allocated capital gains	1	(1)	*	(32)	*
Operating margin	36	53	(33%)	(110)	*
Non-allocated other income and expenses	11	8	28%	(7)	*
Profit before taxation	47	61	(24%)	(117)	*
Income tax expenses	(15)	(15)	(2%)	16	*
Results on discontinued operations	-	-	*	-	*
Net profit attributable to minority interests	21	24	(14%)	(14)	*
Net profit attr. to shareholders before results of divestments	11	22	(51%)	(87)	*
Results on divestments	-	-	*	-	*
Net profit attributable to shareholders	11	22	(51%)	(87)	*

Income Statement - Non-Life

Fortis Insurance International - Non-Life

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross written premiums Non-Life ⁽¹⁾	577	635	(9%)	594	(3%)
Technical result	16	58	(72%)	51	(68%)
Allocated capital gains	10	(1)	*	(4)	*
Operating margin	26	57	(54%)	47	(45%)
Non-allocated other income and expenses	11	12	*	(9)	*
Profit before taxation	37	69	(46%)	38	(2%)
Income tax expenses	(12)	(16)	(25%)	(17)	(26%)
Results on discontinued operations	-	-	*	-	*
Net profit attributable to minority interests	3	4	(16%)	5	(25%)
Net profit attr. to shareholders before results of divestments	22	49	(55%)	16	28%
Results on divestments	-	-	*	-	*
Net profit attributable to shareholders	22	49	(55%)	16	28%

(1) On a consolidated basis

Income Statement

Fortis Insurance International

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Gross inflow	2,369	2,837	(17%)	2,493	(5%)
Operating costs	(198)	(193)	3%	(200)	(1%)
Net profit attributable to shareholders	33	71	(54%)	(71)	*

Key Figures per region

(in EUR mio)

Fully consolidated entities	% ownership	Gross inflow Life			Gross Written premiums Non-Life			Total		
		H1 09	H1 08	H2 08	H1 09	H1 08	H2 08	H1 09	H1 08	H2 08
Total	°	1,792	2,203	1,899	577	634	594	2,369	2,837	2,493
Europe		1,651	2,066	1,754	577	600	568	2,228	2,666	2,322
United Kingdom	100%	3		1	449	484	470	452	484	471
Portugal	51%	1,170	1,207	1,032	113	101	91	1,283	1,308	1,123
- Life		1,170	1,207	1,032				1,170	1,207	1,032
- Non-Life					113	101	91	113	101	91
France	100%	153	254	179				153	254	179
Luxemburg		273	549	483	15	15	7	288	564	490
- Life	50%	273	549	483				273	549	483
- Non-Life	100%				15	15	7	15	15	7
Ukraine	100%	1	3	1				1	3	1
Germany	100%	16	13	16				16	13	16
Turkey	100%	35	40	42				35	40	42
Asia		141	137	145				141	137	145
Hong Kong	100%	141	137	145				141	137	145
Other					34	26		34	26	
Fortis Re-Insurance	100%				34	26		34	26	

Equity associates based on 100% % ownership	% ownership	Gross inflow Life			Gross Written premiums Non-Life			Total		
		H1 09	H1 08	H2 08	H1 09	H1 08	H2 08	H1 09	H1 08	H2 08
Total		1,768	1,388	1,284	214	180	157	1,982	1,568	1,442
Malaysia	31%	274	236	199	170	155	114	444	391	313
Thailand	40%/15%	232	175	183	44	25	43	277	200	226
China	25%	1,229	971	879				1,228	971	879
India	26%	33	6	23				33	6	24
Grand total		3,560	3,591	3,183	791	815	751	4,350	4,405	3,935

- Net profit after minority interests of EUR 33 million, compared with EUR 71 million in the first half of 2008
- Total gross inflow, including non-consolidated companies at 100%, down 1% to EUR 4.4 billion; gross inflow non-consolidated companies at 100% up 26% to EUR 2.0 billion
- Life gross inflow, including non-consolidated companies at 100%, almost stable at EUR 3.6 billion; Non-Life gross written premiums, including non-consolidated companies at 100%, down 3% to EUR 791 million, due to a negative currency impact in the UK
- Fortis UK and Tesco in exclusive discussions on forming a new partnership to provide motor and household insurance

Net profit of Fortis Insurance International after minority interests amounted to EUR 33 million in the first half of 2009 compared with EUR 71 million in the first half of 2008. Minority interests amounted to EUR 24 million. The decrease was mainly caused by the negative impact of the market environment and higher claims in Non-Life. The contribution of the Life and Non-Life activities amounted to EUR 11 million and EUR 22 million respectively.

Total gross inflow (including non-consolidated joint ventures at 100%) amounted to EUR 4.4 billion, down slightly (1.3%), taking into account the strong first half of 2008 and despite continued difficult market conditions in 2009. The persistent focus on product innovation and multi-channel approach was the key driver of the good sales performance, and was particularly successful in Asia and Portugal.

Inflow was up 11% compared with the second half of last year, thanks to the strong performance of non-consolidated joint ventures, especially in China.

Gross inflow at consolidated companies at EUR 2.4 billion was 17% lower than in the strong first half of 2008. Inflows were down in Luxembourg and France, both hit by reduced interest in unit-linked products and the turbulence surrounding Fortis at the end of last year. The first signs of recovery were observed in both countries in the course of the second quarter. Despite this positive development, total gross inflow remained 5% below the level of the second half of 2008.

Operating costs were up 3% to EUR 198 million. At constant exchange rates, operating costs increased by 8% versus the first half of 2008 due to, among other factors, costs related to the start-up of the Life business at Fortis UK and wage indexation.

Life

Total gross inflow, including non-consolidated joint ventures at 100%, reached EUR 3.6 billion, slightly down (-1%) compared with the strong first half of 2008.

The European activities realised an inflow of EUR 1.7 billion, a 20% decrease compared with the same period in 2008. Successful sales campaigns and the ability to constantly adapt the product offering to changing market conditions, resulting in a relatively good performance in Portugal, could not offset the shortfalls in Luxembourg (-49%) and France (-40%). First signs of recovery have been recorded in both France and Luxembourg since the second quarter of this year, with inflows up 5% and 33% quarter on quarter respectively.

In Asia, Life inflow grew by 25% to EUR 1.9 billion, helped by favourable currency movements. At constant exchange rates, inflow grew by 10%. All joint ventures contributed to the growth, driven by continued expansion of distribution capacity and constant product innovation. In the first half of 2009, China became the largest contributor to Life inflow within Fortis Insurance International.

Compared with the second half of 2008, inflow grew by 12%, driven by the Asian operations (+34%), partially offset by a shortfall in Europe (-6%).

Life inflow at consolidated companies, was EUR 1.8 billion, down 19% compared with the first half of 2008 and 6% down on the second half of 2008, due to France and Luxembourg. Sales of unit-linked products declined sharply to EUR 923 million (-40%). This decline was only partially offset by higher inflows in traditional savings products up (EUR 553 million or 51%), which were driven by higher demand for guaranteed rate products in the current uncertain market conditions.

Funds under management (at consolidated companies only) were up 3% to EUR 20.5 billion compared with year-end 2008, driven by positive developments in non-unit linked reserves (+5%) thanks to excellent sales in the savings business. Furthermore, unit-linked reserves were up 2%, supported by the better performance of financial markets. Lapses and surrenders were back to normal after peaking in the last quarter of 2008 and first quarter of 2009.

Operating margin declined from EUR 53 million to EUR 36 million, due to lower investment revenues and lower volumes, combined with a change in product mix and higher costs.

Net profit followed the evolution of the operating margin and fell from EUR 22 million in the first half of 2008 to EUR 11 million.

Non-Life

Gross written premiums, including non-consolidated joint ventures at 100%, were down 2.9% to EUR 791 million, due to a negative currency impact in the UK. At constant exchange rates, Non-Life gross written premiums were up 5%.

At constant exchange rates, European Non-Life gross written premiums grew 8%, driven by a 7% increase in inflow in the UK, the largest Non-Life operation. In Asia, gross written premium income increased by 15%, due to the merger of Fortis' Thai operations with Phatra Insurance in Thailand.

Compared with the second half of 2008, gross written premiums were up 5%, driven by seasonality, partly offset by a negative currency impact.

Gross written premiums at consolidated companies reached EUR 577 million, down 9% but up 2% at constant exchange rates, due to the same reasons mentioned above.

Operating margin came down from EUR 57 million in the first half of 2008 to EUR 26 million this year, mainly due to higher claims, especially in the UK's fire and motor business. In the second quarter EUR 10 million capital gains on bonds have been recorded.

The **combined ratio** deteriorated from 97.8% to 106.1%, mainly due to higher fire and motor claims, and lower positive run-offs from previous years. A number of corrective measures to improve profitability, including tariff increases and product changes, have already been implemented and will be continued in the second half of the year.

Net profit decreased from EUR 49 million to EUR 22 million due to the worsening of the technical performance, partly offset by the above mentioned capital gains on bonds.

Business Development

The companies listed below are wholly owned subsidiaries of Fortis, unless stated otherwise.

Fortis Insurance UK delivered a strong performance in the first half of 2009, driven by the success of its multi-product and multi-channel strategy. The business, which now serves a record 6.9 million customers in the UK, reported year-on-year growth in Non-Life gross written premiums of 7%, driven by 3% growth in personal lines and 40% growth in commercial lines GWP.

The Fortis' owned retail businesses – RIAS and Fortis Insurance Solutions – continue to do well in the competitive environment, supported by new offerings and leveraging the capabilities of the wider UK businesses.

A healthy pipeline of new business opportunities and expansion of relationships with existing partners further demonstrates the success of the multi-channel strategy in the UK.

Fortis Assurances Vie Luxembourg (Fortis has a 50% stake): life insurance premiums in the local market for both individual and group customers were below the level of last year. New products with guaranteed returns were launched in response to the specific needs of the customer. In Group Insurance, target click funds were introduced within the scope of pension plan contracts.

Markets remained extremely difficult in the first half of 2009, with sales more than halving compared with last year. Since the beginning of the second quarter, the market has begun to show signs of recovery (+33% vs first quarter 2009).

Fortis Assurances Non-Vie Luxembourg : Premium income remained in line with the same period last year (EUR 15.3 million).

Several initiatives have been taken to optimise existing products and to harmonise them even more with specific customer needs, while at the same time new products are being launched and commercial efforts intensified in a number of distribution channels.

Fortis Assurances France (FAF) focused in the first six months of 2009 on managing the business as well as possible in a very difficult environment owing to the uncertainty surrounding Fortis.

Gross written premium amounted to EUR 153 million in the first half, a decrease of 40% compared with last year. Since June, new business and net collection volumes have recovered. The sale of unit-linked business showed the same positive trend.

Millenniumbcp Fortis in Portugal (Fortis has a 51% stake) realised total gross inflow of EUR 1,283 million in the first half of 2009, a 1.9% decrease compared with the same period last year. The total insurance market weakened over the same period by 4.4%, as a consequence of the poor performance of the economy and competition.

Life inflow amounted to EUR 1,170 million, including a large percentage of unit-linked sales. In addition, pension business volumes were considerably above last year levels (growth of 161%) thanks to new series launched in the first half of the year.

With a market share of 16.4%, up from 15.8% (status May 2009 based on a 12-month survey), Millenniumbcp Fortis ranks second in the Portuguese life and total insurance market. Pensõesgere, Millenniumbcp Fortis' local pension fund, remains the market leader in pension funds, with a 33.4% market share (March 2009) and with EUR 6.9 billion in assets under management.

Non-Life insurance premiums grew by 11% to EUR 113 million, thanks to growth in the Health business, which represents 58% of total Non-Life inflow. The new Non-Life channel, supported by new agreements with selected agents and brokers and Portuguese insurance companies, realised strong growth (260%) compared with the same period last year, with special efforts in Health and Motor, the main products sold through this channel.

Médis (the Health brand) ranks second in the market and has already received two awards from *Reader's Digest* this year, i.e. Super Brand and Brand of Excellence (the brand that the Portuguese trust most).

Fortis Pension and Life Turkey (FEH) realised its targeted sales objectives, despite the financial crisis, which has also hit the Turkish economy. Inflow reached EUR 35 million in the first half of 2009. The start of an agency channel in 2008 proved a success and the distribution network will be expanded with direct sales initiatives.

Fortis Deutschland Lebensversicherungen (FDL) realised inflow of EUR 16 million in line with the second half of last year. FDL continues to build up a portfolio of customers through its broker and – more recently – its fee-based adviser network. This will allow a more focused business model to be developed going forward. The steady growth of inflow is fully in line with the business plan.

Fortis Life Insurance LLC in Russia, a greenfield company established in 2007, reconsidered its sales strategy and switched its focus from Corporate sales and Bancassurance channels to the Agent sales channel. The company has opened 7 agencies in 7 large cities in the European part of Russia and increased the number of agents during the first half of 2009.

Fortis Insurance Ukraine (FIU) saw lower sales than last year, due to difficult conditions for bancassurance. FIU continues to maintain relations with banks that are potential partners for when the market begins to grow. The development of its agent distribution network showed encouraging growth, with a year-to-date increase of over 50% of agents. The company has also teamed up with the most professional partners in the brokerage channel.

In **China, Taiping Life** (Life, Fortis' stake 24.9%) recorded gross inflow of EUR 1.2 billion, up 27% compared with the first half of 2008, partly related to favourable currency movements. Traditional products sold through the bank and agency channels drove sales up. Taiping Life remains China's seventh largest life insurer. Currently, the company's distribution network consists of more than 63,000 agents and 577 offices. China Insurance International Holdings Co. Ltd, a listed company and the other shareholder of Taiping Life, has announced it will change its name to China Taiping Insurance Holdings Co. Ltd. By including the "Taiping" as part of the name of the listed holding company, Taiping Life should be able to enhance and bolster the existing prominence and prestige of the "Taiping" brand.

In **Hong Kong, FICA (Life)** reported gross inflow of EUR 141 million in the first half, 3% up on the same period last year, but slightly down compared with the second half of 2008. FICA operates in an extremely challenging environment with most competitors suffering from business contraction relative to the same period in 2008. In this in general difficult market environment, FICA managed to increase its market share. Furthermore, FICA was able to shift its business mix towards more profitable products, which, together with a reduction in policyholder dividends for traditional par business during the first quarter of 2009, resulted in higher new business profit margins. The second quarter was marked by an increase in sales of unit-linked products in parallel with the first signs of a recovery in stock market sentiment. In June about 50% of sales were unit-linked based, compared with 37% in the first five months.

In **Malaysia, Mayban Fortis** (Life, Non-Life, and Takaful, Fortis' stake 30.95%), recorded a 14% increase in gross inflow to EUR 444 million, supported by all major business lines. In London, Etiqa received the prestigious Best Bancassurance Takaful Award, underpinning its leading position in Takaful insurance. With the assistance of FICA, Etiqa started a training academy for agents on 1 July. This should further improve the efficiency of the agency force of more than 24,000.

In **Thailand**, the gross inflow of **Muang Thai Life (MTL)** (Life, Fortis' stake 40%) progressed 33% to EUR 232 million, driven by the solid performance of both the agency and the bancassurance channel. The company was able to maintain its position as local top-three insurer.

Muang Thai Insurance Plc (Non-Life, Fortis' stake 15.05%). Non-Life income increased by 74% to EUR 44 million, pushed up by the merger with Phatra Insurance, which was completed mid 2008. The company today ranks as number five Non-Life insurer in Thailand.

In **India, IDBI Fortis** (Life, Fortis' stake 26%) continued to build on its successful start with gross inflow growing to EUR 33 million at the end of June 2009 (+33% vs the second half of 2008). To underpin its focus on product innovation, the company has launched a Retiresurance™ Pension Plan. This tailor-made product with built in flexibilities helps customers to accumulate funds for retirement. Federal Bank, one of the partners in the three-way joint venture, has announced that it will take over Catholic Syrian Bank. The new combination will enhance Federal's position in South India and further strengthen IDBI Fortis' distribution capacity by adding over 360 bank branches to the network. The company currently ranks as 16th private life insurer based on new business premiums.

3.3 General

Income Statement

in EUR million

	H1 09	H1 08	Change	H2 08	Change
Net interest Income	31	(165)	*	(136)	*
Realised capital gains (losses) on investments	697	-	*	18	*
Treasury and financial markets	499	(128)	*	(73)	*
Other income	11	36	(70%)	10	9%
Total income	1,238	(257)	*	(181)	*
Change in impairments	(362)	-	*	(20)	*
Net revenues	876	(257)	*	(201)	*
Staff expenses	(11)	(23)	(55%)	(21)	(50%)
Other operating and administrative expenses	(34)	(75)	(54%)	(111)	(69%)
Total expenses	(45)	(98)	(54%)	(133)	(66%)
Profit before taxation	831	(355)	*	(334)	*
Income tax expenses	(168)	52	*	8	*
Net profit for the period	663	(303)	*	(326)	*
Net profit attributable to minority interests	-	-	*	-	*
Net profit attributable to shareholders	663	(303)	*	(27,738)	*
Results on divestments	-	-	*	(27,412)	*
Net profit before results of divestments	663	(303)	*	(326)	*
Eliminations	(5)	9	*	4	*
Net profit after eliminations	658	(294)	*	(322)	*

- Net profit of EUR 658 million after eliminations, mainly driven by the capital gain on the disposal of 25%+1 share of AG Insurance, partially offset by a charge related to the legal dispute with Fortis Capital Company Ltd
- Net profit includes EUR 138 million combined impact of the fair value of the future interest payments related to the Relative Performance Note and the valuation of the call option on BNP Paribas shares held by the SFPI/FPIM
- Net cash position of EUR 3.0 billion as at 30 June 2009, assuming full redemption of the EMTN programme

The General Account comprises the holding companies and various financing vehicles that have been used to issue debt to finance Fortis' global banking and insurance activities. The General Account created negative net equity ('leverage') at group level by injecting into the operating entities equity that was financed in part by debt issued by the General Account (primarily through Fortis Finance N.V.). As explained in section one, Fortis' scope significantly changed after the transactions at the end of September and early October 2008, impacting the role of the General Account. Under the new constellation and as a result of the transactions at the end of September and early October 2008, the General Account will no longer create leverage at group level, but will manage shareholders' equity, provide back-to-back funding to the operating entities and incorporate the corporate centre of Fortis.

In legal terms, the Fortis General Account today consists of the following legal entities:

- Fortis SA/NV and Fortis N.V., the two holding companies
- Fortis Brussels SA/NV and Fortis Utrecht N.V., two sub-holding companies that primarily hold all the assets of Fortis SA/NV and Fortis N.V.
- Fortis Insurance N.V., the holding company for the insurance entities
- Fortis Finance N.V., the principal (long-term) financing vehicle for the General Account and for the Fortis operating entities
- Financing vehicles: Fortinflux SA; FGF Lux SA; Fortinvestlux SA; and Fortis Hybrid Financing S.A.

The net profit of the General Account reached EUR 658 million (including eliminations) in the first half of 2009, compared with a loss of EUR 294 million in the same period last year.

The increase compared with the first half of 2008 was predominantly due to :

- The realised capital gain of EUR 697 million on the disposal of 25%+1 share of AG Insurance to Fortis Bank
- The fair value of the future quarterly interest payments regarding the relative performance note (RPN) related to CASHES resulting in a charge of EUR 344 million
- The net-of-tax valuation of the call option on the BNP Paribas shares held by SFPI/ FPIM (EUR 482 million)
- The charge of EUR 301 million net-of-tax taken in the context of the legal dispute around the Class A1 Preference shares issued by Fortis Capital Company Ltd. (FCC)

As **part of the transactions** with BNP Paribas, the Belgian State and Fortis Bank, closed on 12 May 2009, Fortis sold 25% + 1 share of Fortis Insurance Belgium (now rebranded AG Insurance) to Fortis Bank for a total consideration of EUR 1.4 billion. This sale generated a capital gain of EUR 697 million.

On 26 June 2009, a Dutch court obliged Fortis to make an immediate payment of EUR 362.5 million with respect to its alleged obligations related to the redemption of the Class A1 Preference Shares issued by Fortis Capital Company (FCC). This followed an announcement by FCC on 31 March 2009 that it would not exercise its first call and would not redeem the above-mentioned shares. Taking into account all the potential consequences, Fortis decided to make the payment, but immediately initiated proceedings on the merits of the case. However, taking into account the uncertainty of the outcome of these legal proceedings, the full amount paid has been included in the results for the first half year (*see press releases of 25 and 26 June 2009*). On 24 August 2009, Fortis has effectively started the proceedings on the merits.

Fortis announced in its first quarter 2009 trading update that it would assess in the course of the second quarter of 2009 how to account for a number of **specific items related to the above-mentioned transactions** with BNP Paribas, the Belgian State and Fortis Bank. This specifically concerned the following items:

1. The fair value of future quarterly interest payments, related to the value of the relative performance note, linked to the CASHES financial instrument
2. The valuation of the call option on BNP Paribas shares granted by SFPI/FPIM
3. The impact of the equity accounting of Royal Park Investments (RPI)

1. The fair value of the future quarterly interest payments, based on the value of the relative performance note (RPN(I)):

Based on contractual agreements with respect to the aforesaid transactions, the fair value of the quarterly interest payments is equal to the net discounted value of all future interest payments until any future reimbursement of all the CASHES. Interest payments are calculated based on the underlying progress of a reference amount, the so called Relative Performance Note (RPN), related to the CASHES financial instrument. This reference amount is defined as the difference between EUR 2.35 billion and the market value of 125 million Fortis' shares less the difference between EUR 3.0 billion and the market value of the CASHES.

Every day when there is an official quotation on the Luxembourg stock exchange for the CASHES, the reference amount and an interest amount, based on Euribor 3 months plus 20 basis points are calculated. The quarterly interest payment is an average of the calculated interest amounts for the quarter and amounted to EUR 0.5 million for the second quarter of 2009.

Based on the most recent market parameters (last official quote CASHES before 30 June 2009 on 26 June 2009), the reference amount was EUR 298 million (actual Fortis' share price of EUR 2.37 and value of CASHES at 41.5%). The Euribor-interest rate stood at 1.1%.

Fortis records the RPN(I) at fair value through profit and loss. As no observable market data were available, Fortis estimated the fair value using a level 3 valuation technique (discounted cash flow model).

In its model, Fortis applied the following assumptions :

- Fortis' share price : Fortis assumed a high correlation between the yield on the Belgian government bonds and the appreciation of Fortis' share price. As of 30 June, Fortis used a share price of EUR 2.42 and a long term yield on the Belgian government bonds of 4.66%;
- Market value CASHES : Fortis assumed a short term tendency and high correlation to the price levels of BNP Paribas tier 1 loans. At 30 June 2009 Fortis applied a market value of 60% of par value;
- Interest rate : equals the yield on Belgian government bonds as derived from market quotations for the bonds with the longest maturity. At 30 June 2009, Fortis used a rate of 4.66%.
- Discount rate : Since the payments are guaranteed by the Belgian government, Fortis used the yield on Belgian government bonds as the discount rate.

The marked-to-market revaluation is recorded as a loss under 'Other realised and unrealised gains and losses' in the Income Statement for an amount of EUR 344 million.

Sensitivity analysis

The sensitivity of the fair value of the RPN(I) to the changes in the parameters can be summarised as follows, assuming two of the three parameters remain constant :

- Belgian government bonds : the sensitivity is limited; an increase of 1% decreases the liability by EUR 7 million to EUR 337 million; a decrease of 1% increases the fair value by EUR 2 million to EUR 346 million;
- Market value of the CASHES : an increase from 60% to 65% would increase the fair value by EUR 112 million to EUR 456 million; a decrease to 55% reduces the value by EUR 112 million to EUR 232 million;
- Fortis' share : an increase of the starting value to EUR 3.00, decreases the fair value by EUR 98 million to EUR 246 million; a decrease of the starting value to EUR 2.00, increases the fair value by EUR 79 million to EUR 423 million.

Assuming the most favourable conditions for the three parameters combined, i.e. a 3.66% interest rate, a market value for CASHES of 55% and a starting value for the Fortis shares of EUR 3.00, the fair value of the future interest charges would decrease with EUR 235 million to EUR 109 million

Assuming the less favourable conditions for the three parameters combined, i.e. a 3.66% interest rate, a market value for CASHES of 65% and a starting value for the Fortis shares of EUR 2.00, the fair value of the future interest charges would increase with EUR 236 million to EUR 580 million.

2. The valuation of the call option on BNP Paribas shares granted by SFPI/FPIM:

Description of the rights

Based on the agreement signed on 12 May 2009, Fortis was granted a cash settled call option by the Société Fédérale de Participations et d'Investissement/ Federale Participatie- en Investeringsmaatschappij (SFPI/FPIM) that allows Fortis to benefit from an 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 Fortis to the difference between the strike price of EUR 68 and the market price of the BNP Paribas' shares at the time of the exercise or the selling price of the underlying BNP Paribas' shares. After the expiration of a lock-up period on 10 October 2010, Fortis can exercise its rights during a period of 6 years up to 10 October 2016. These rights replaced the 'coupon 42'.

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.

Value calculation

A theoretical value of an individual option can be calculated based on traditional Black-Scholes option valuation techniques. Next to market observable data at reporting date like the interest yield, actual and strike price of the share and remaining duration of the option, the calculation needs to include assumptions regarding future dividend and implied volatility. Furthermore the non-standard features should also be taken into account.

The following data was used (*as reference, the data used in the shareholders' circular of 16 March 2009 is mentioned*)

	30 June 09	12 May 09	12 March 09
BNP Paribas share price	EUR 46.25	EUR 45.98	EUR 28.40
Implied volatility	30%	35%	45%
Dividend yield	3.068%	4.30%	4.439%
Price per option up to 10 Oct 2016	EUR 8.60	EUR 9.47	EUR 5.94
Theoretical value of 121.2 million options	EUR 1,042 mio	EUR 1,148 mio	EUR 720 mio
Estimated value before tax, after adjustment for non-standard features (30%)	EUR 730 mio	EUR 803 mio	EUR 504 mio

Volatility :

Given the size of the rights, representing 11.6% of the BNP Paribas' shares outstanding, the exercise or monetization of the option is expected to have an effect on the volatility of the shares. Various professional market parties provided a wide range of adjusted volatilities that in their view should be applied.

The applied volatility has a relatively important impact on the outcome, a change in the implied volatility of 5 % on 30 June 2009 results in 26% change in the value of the option.

Adjustment for non-standard features :

Given the unusual features of the rights, professional market parties will apply a significant discount to the theoretical valuation. Fortis decided to lower the theoretical value with 30% for these non-standard features, based on indications from professional market parties that ranged between 10 to 50%.

Fortis is carefully examining various structures to monetize or exercise its rights with a view to maximize the value for its shareholders.

Pay out of proceeds :

As announced on 27 July 2009, Fortis has undertaken to dividend out the advantage of exercises, monetizations or contemplated structures, to the extent permitted by law and taking into account practical constraints.

The Belgian Ruling Commission has confirmed that the attribution itself of the BNP Paribas option is not a taxable event in the hands of Fortis SA/NV. Whether any gains realised upon the monetisation or exercise of the option will lead to a tax liability in the hands of Fortis SA/NV is currently being investigated by Fortis. Fortis believes it is likely that it will be able to achieve a situation in which it will not have to pay corporate income tax when the gains on the option will be realised and thus be able to propose, to the extent permitted by law, to dividend out the gross proceeds. However, due to the stringent rules of IFRS Fortis is required to recognise a deferred tax liability of EUR 248 million related to the value of the option. As a result, the valuation net-of-tax as at 30 June 2009 amounted to EUR 482 million.

3. Impact of the equity accounting of Royal Park Investments (RPI):

As a result of the transactions closed on 12 May 2009, Fortis acquired, for the total sum of EUR 760 million, a 44.7% stake in Royal Park Investments (RPI), a special purpose vehicle which took over a portion of the structured credit portfolio of Fortis Bank. This stake has been accounted for using the equity method. *(For more information on the RPI financial structure, see press release of 13 May 2009)*

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. This purchase was funded by EUR 1.7 billion equity, EUR 5 billion of super senior debt and EUR 5 billion of senior debt, the latter including a loss absorption mechanism. The senior debt is provided by BNP Paribas and Fortis Bank and guaranteed by the Belgian government. Any cash generated by RPI will be first used to repay the super senior debt. As at 30 June 2009, taking into account redemptions and exchange rate fluctuations between 12 May and 30 June, the face value of the portfolio amounted to EUR 19.3 billion, the net acquisition value to EUR 11.0 billion. Interest and principal collections in the portfolio during the second quarter amounted to respectively EUR 42 million and EUR 266 million. Using these collections and the opening cash, EUR 381 million was reimbursed on the super senior debt as of 30 June 2009. As at 30 June 2009, 45% of the portfolio was rated investment grade.

The initial recognition of the investment under equity accounting was at cost, followed by an impairment test of the original cost price. RPI has drawn up an initial IFRS opening balance sheet as of May 12, based on the marked-to-market valuation of the assets and liabilities. In the opening balance sheet the assets were recorded at market value of EUR 8 billion, and the liabilities at EUR 10 billion. Due to the loss absorption mechanism, this resulted in zero equity. Due to the zero opening equity under IFRS, the total amount Fortis invested in RPI represents Goodwill.

As per 30 June 2009, Fortis performed an impairment test on the investment in RPI based on a discounted cash flow model using of the cash flows that Fortis expects to receive from RPI. The cash flow expectations are based on the business plan of RPI, substantiated by detailed studies of the cash flow per assets and the contractual cash outflow for the liabilities. Given the conservative projections of the cash flows underlying the business plan, Fortis used a 10% discount rate. The impairment test proved that the investment by Fortis in RPI was not impaired.

For more information on RPI and its assets, please refer to www.royalparkinvestments.com.

Other items General:

Net interest income was positive at EUR 31 million, thanks to the positive net cash position following the disposal of the banking and Dutch insurance operations in 2008. Net interest income in the first half of this year also benefited from the positive interest margin on a financing structure for an amount of EUR 5.7 billion, set up with Fortis Bank before the breakup in October 2008. This financing structure was unwound in June 2009 as part of the closing of the above-mentioned transactions with Fortis Bank and BNP Paribas *(see also the analysis of shareholders' equity below)*.

The increase in **Treasury and financial markets** of EUR 627 million, compared with the first half of 2008, includes the variance on the value of the relative performance note (RPN) from EUR 97 million negative in the first half of 2008 to EUR 30 million positive in the first quarter of 2009 in order to bring the value of the RPN to zero *(see Q1 09 trading update of 14 May 2009)*, and the EUR 344 million charge related to the fair value of the future interest charges based on the RPN.

It also includes the fair value of the call option on BNP Paribas' shares for an amount of EUR 730 million and a positive fair value adjustment of EUR 22 million of the mandatory exchangeable bond portfolio (compared to a EUR 37 million negative in the first half of 2008) and favourable developments regarding credit default swaps explain most of the remaining positive difference.

Other income declined with EUR 25 million to EUR 11 million, as a lower amount of corporate costs was charged out to the operating entities.

Similar to AG Insurance, Fortis benefited at holding level from a one-off DRD tax benefit related to the period 2003-2008 for an amount of EUR 15 million, accounted under **Income tax expenses**.

Total expenses more than halved in the first half of 2009, compared with the same period in 2008. Staff expenses decreased substantially due to the reduction in corporate FTEs, as a result of the change in Fortis' scope. The number of FTEs at holding level totalled 46 on 30 June 2009, compared with 114 at the end of 2008. Other expenses declined at the same pace but still contained a number of non-recurring items related to the separation of the former Fortis' entities, shareholder meetings and the cost of legal proceedings.

Fortis is fully aware of the uncertainties it faces with regard to the legal proceedings started as a result of the events and developments occurred between May 2007 and October 2008 and the approval of the transactions agreed with BNP Paribas and SFPI/FPIM by the shareholders. In the event that any of these proceedings were to result in the annulment of (part of) the decisions taken by the Fortis' Board and/or court decisions ordering Fortis to pay monetary damages, this could have a severe negative impact on the financial position of Fortis.

The main elements of Fortis' balance sheet related to the General Account are summarised in the tables below.

Analysis of shareholders' equity

in EUR million

	H1 09	FY 08	H1 08
Cash and cash equivalents	4,235	2,509	2,939
Due from banks short term		6,078	
Due to banks short term	(252)	(1,826)	(2,818)
Debt certificates	(995)	(4,812)	(8,052)
Net cash position General	2,988	1,949	(7,931)
Due from customers	967	1,453	2,106
Due from banks long term	907	6,662	6,771
Due to banks long term		(°4,750°)	(°4,750°)
Subordinated liabilities	(2,920)	(2,946)	(2,844)
Other borrowings	(55)	(65)	(76)
Receivable on balance General	(1,101)	353	1,207
Accruals and other	856	729	1,889
Equity General	2,743	3,032	(4,835)
Equity AG Insurance	2,328	2,785	1,804
Equity Fortis Insurance International	2,616	2,009	1,219
Eliminations	(1)	(1,031)	31,055
Shareholders' equity Fortis	7,686	6,795	29,243

Fortis' net cash position amounted to EUR 3.0 billion on 30 June 2009. This amount consisted of EUR 4.2 billion cash, partially offset by an outstanding debt of EUR 1.0 billion recognised under 'Debt certificates' and EUR 0.3 billion due to banks.

The EUR 1.0 billion outstanding debt refers to the amount due on the European medium term note (EMTN) programme as per 30 June 2009. The increase in the net cash position compared to end 2008 is mainly explained by the cash receipts on the sale of the 25% + 1 share of AG Insurance (EUR 1.4 billion), net cash inflow following the unwinding of a financing structure with Fortis Bank (EUR 1.0 billion), partially offset by the payment of EUR 363 million to FCC, the investment of EUR 760 million in Royal Park Investments and a EUR 300 million cash transfer to Fortis Insurance International N.V. (Holding) in order to eliminate leverage.

As at 30 June 2009, Fortis hadn't made use of the loan of EUR 1.0 billion, made available by Fortis Bank in the context of the transactions with BNP Paribas, the Belgian State and Fortis Bank. As mentioned in its press release of 13 May 2009, Fortis has until 30 September 2009 to decide whether or not it will make use of the EUR 760 million tranche. The other EUR 240 million can be drawn during the first year of the four-year term of the loan.

The unwinding of the above mentioned financing structure with Fortis Bank (EUR 5.7 billion) in the course of June is reflected in the decrease in the items 'Due from banks long term' and 'Due to banks long term'.

The main elements of the other assets and liabilities of the General Account relate to:

Due from banks long term:	Loans made to Fortis Bank SA/NV
Due to banks long term:	Relates to borrowing from Fortis Bank SA/NV
Due from customers:	A loan provided to AG Insurance (EUR 900 million) and some other loans to (former) group companies
Subordinated liabilities:	The sum of the amounts outstanding on the financial instruments NITSH I & II (EUR 1.1 billion), FRESH (EUR 1.3 billion) and Hybrone (EUR 500 million)

4 Investment portfolio and capital position

4.1 Update on investment portfolio and other exposures

The table below gives a breakdown of Fortis available for sale (AFS) investment portfolio and its real estate exposure, both at market value. The total value of the portfolio increased to EUR 51.9 billion from EUR 48.1 billion at year-end 2008. This increase can be explained by higher funds under management and an increase in net asset value.

Available for sale portfolio plus real estate at market value

	in EUR billion		as %	
	H1 09	FY 08	H1 09	FY 08
Fixed Income securities	47.7	43.6	92%	91%
Equity securities	0.9	1.3	2%	3%
Real estate investment property	2.0	1.8	4%	4%
Real estate for own use	1.3	1.4	2%	2%
Total	51.9	48.1	100%	100%

Fixed income portfolio

The majority of the investment portfolio concerns fixed income securities. The breakdown remained almost stable with about 65% invested in government bonds, 34% in corporate bonds and the remaining 1% in structured credits. The average credit quality of the bond portfolio has remained high; 98% of the portfolio is investment grade, 97% is rated A or higher and 53% AA or AAA. Net unrealized gains at 30 June amounted to EUR 721 million.

The composition of the government bonds remained stable compared to end 2008 and mainly relates to European government bonds with about EUR 5 billion invested in Belgian bonds and a total of EUR 17 billion invested in Italian, Greek and Portuguese bonds, with no major movements since the end of last year. Net unrealized gains at 30 June amounted to EUR 569 million.

Corporate bonds mainly relate to investments in bonds of financial or financial-related companies (EUR 8.0 billion) and government agencies & supra-nationals (e.g. EIB) (EUR 6.3 billion); 99% of the portfolio is investment grade, 96% is rated A or higher and 73% AA or AAA. Unrealised gains on the corporate debt portfolio totalled EUR 175 million as at 30 June 2009.

Equities portfolio

The equities investment portfolio classified as 'Available For Sale' went down further to EUR 0.9 billion from EUR 1.3 billion at the end of last year. In addition to the divestments in 2008, Fortis decided to further reduce the equities proportion in its investment portfolio following the continued uncertainty in the financial markets. The sales caused a loss of EUR 27 million pre-tax, mainly recognised in the first quarter of this year.

Real estate portfolio

The total value of Fortis' real estate portfolio remained virtually stable at EUR 3.3 billion, split between EUR 2.0 billion in investment property and EUR 1.3 billion in buildings for own use.

The offices in the portfolio are mainly located in the Brussels region, which is known for its relatively low volatility compared with other European markets, thanks to the presence of the European Union. The commercial assets are almost exclusively situated in major shopping centres in Belgium. The public car parks are spread over seven European countries and are located in proximity to city centres, hospitals, railway stations, airports and tourist attractions. Leases are often of long duration. The diversification strategy is designed to protect against the effects of downturns and should allow the seizure of any investment opportunities that may arise in the various real estate segments.

The unrealised gain after tax on this portfolio after profit sharing amounted to EUR 592 million as at 30 June 2009. This was not reflected in net equity, as real estate exposure is booked at amortised cost.

4.2 Capital position

Since the first quarter of 2007, Fortis has managed its consolidated capital base by focusing on the following core equity targets:

- capital target for Fortis Bank equal to 6% core equity ratio under Basel I
- core equity target for Fortis Insurance of 175% of the regulatory minimum
- group leverage target (at General) equal to 15% of the target core equity of Banking plus the target core equity of Insurance, implying that 15% of Banking and Insurance's combined target core equity could be financed by group debt
- group core equity target equal to the sum of the core equity targets of Banking and Insurance after deduction of the targeted group leverage

Fortis' target core capital reflects the diversified nature of the group and the leverage at holding level. With no banking activities, an absence of diversification and positive net equity at holding level, the old target capital model is no longer appropriate.

Fortis' capital framework will be adjusted to reflect the new composition of the Group. More information will follow at the time of the publication of the strategic update, i.e. on Friday 25 September 2009.

*Capital ratios***Key Capital Indicators**

	H1 09	FY 08
AG Insurance		
Core equity	3,090	2,890
Total available capital	3,736	3,535
Minimum solvency requirements	1,924	1,871
Amount of total capital above minimum solvency requirements	1,812	1,664
Core solvency ratio	160.6%	154.5%
Total solvency ratio	194.2%	188.9%
Fortis Insurance International		
Core equity	2,482	1,767
Total available capital	2,244	1,555
Minimum solvency requirements	686	654
Amount of total capital above minimum solvency requirements	1,558	901
Core solvency ratio	361.8%	270.2%
Total solvency ratio	327.1%	237.8%
Total Insurance		
Core equity	5,572	4,657
Total available capital	5,981	5,090
Minimum solvency requirements	2,610	2,525
Amount of total capital above minimum solvency requirements	3,371	2,565
Core solvency ratio	213.5%	184.4%
Total solvency ratio	229.2%	201.6%

Tangible equity

The intangible assets as per 30 June 2009 amounted to EUR 2,560 million. The main components are goodwill (EUR 1,291 million), deferred acquisition costs (EUR 463 million), value of business acquired (EUR 520 million) and other intangible assets such as parking management contracts of EUR 286 million. Taking into account taxation on intangibles and intangibles backed by minorities, tangible net equity including unrealised gains after tax on real estate amounted to EUR 6.1 billion.

Fortis' Tangible Net Equity*in EUR million*

	H1 09	FY 08
Shareholders' equity	7,686	6,795
Revaluation of real estate at fair value	503	526
Goodwill	(1,291)	(531)
VOBA (Value of Business Acquired)	(520)	(549)
DAC (Deferred Acquisition Cost)	(463)	(421)
Other (ao parking management contracts)	(286)	(287)
Core equity	5,629	5,533
Goodwill, DAC, VOBA related to minorities	309	319
Tax adjustment on DAC, VOBA & other	165	170
Total capital	6,103	6,022

Reconciliation of shareholders' equity with total capital

The reconciliation of Fortis' shareholders' equity with total capital as at 30 June 2009 is shown below.

Fortis' Core Equity

in EUR million

	H1 09	FY 08
Share capital and reserves	6,421	34,394
Net profit attributable to shareholders	886	(28,022)
Unrealized gains and losses	379	423
Shareholders' equity	7,686	6,795
Non-innovative capital hybrid instruments (FRESH, NITSH I & II)	1,495	1,474
Minority interests	1,323	515
Revaluation of real estate at fair value	503	526
Revaluation of debt securities, net of tax and shadow accounting	(399)	(375)
Revaluation of equity securities, net of tax and shadow accounting		
Goodwill	(1,291)	(531)
Expected dividend (related to call option on BNP Paribas shares)	(482)	-
Other	(514)	(522)
Core equity	8,321	7,882
Innovative capital instruments	412	456
Subordinated loans	26	67
Other prudential filters and deductions from total capital	(261)	(236)
Total capital	8,498	8,169

Participating interests that are not fully consolidated are deducted from total capital. The core equity instruments issued by the Fortis group and lent on to Fortis Bank SA/NV (NITSH I and part of NITSH II for a total of EUR 875 million) are not included with the non-innovative hybrid instruments in the table above. The core equity calculation includes 90% of unrealised net-of-tax gains on real estate at AG Insurance and 100% of the unrealised gains on the remainder of the real estate portfolio. The value of the call option on BNP Paribas shares has been qualified as an expected dividend, as Fortis will propose to dividend out the potential proceedings of the contemplated structure. As a result this amount is deducted from core equity.

The goodwill increased from EUR 531 million to EUR 1,291 million due to the EUR 760 million equity investment in Royal Park Investments.

The Interim Financial Statements and the Investor Presentation are available on our website:
www.fortis.com

Analyst and Investor conference call
 10.00 CET (09.00 UK Time)
 Audiocast: www.fortis.com
 Listen only (access code 367847#):
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 + 32 2 404 03 05 (Belgium)
 + 1 703 621 9123 (US)
 Replay: available until 25 September 2009 (PIN: 286505#)
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Press conference
 Brussels, Auditorium at Rue Royale 20, 11.30 CET (10.30 UK Time)
 Webcast: www.fortis.com
 Listen only: (access code 270809#)
 + 44 207 750 9926 (United Kingdom)
 + 32 2 404 03 05 (Belgium)
 + 31 20 713 3488 (Netherlands)
 Lines will be open ten minutes before the presentation starts, so please dial in five to ten minutes in advance.

Fortis holding (Fortis SA/NV and Fortis N.V.) consists of (1) AG Insurance (2) Fortis Insurance International, and (3) financial assets and liabilities of various financing vehicles. The international insurance activities (Fortis Insurance International) are located in the UK, France, Hong Kong, Luxembourg (Non-Life), Germany, Turkey, Russia and Ukraine, and in joint ventures in Luxembourg (Life), Portugal, China, Malaysia, India and Thailand. Fortis holding is not involved in banking activities.

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Annex 1 : Consolidated Balance Sheet Fortis 30 June 2009

Annex 2 : Income Statement Fortis 30 June 2009

Annex 3 : Key performance indicators

Annex 4 : Half year data per segment

Annex 1: Consolidated balance sheet

	30 June 2009	31 December 2008
Assets		
Cash and cash equivalents	6,118	5,933
Assets held for trading	137	237
Due from banks	2,235	13,893
Due from customers	2,276	2,511
Investments:		
- Available for sale	48,422	44,704
- Held at fair value through profit or loss	241	191
- Investment property	1,464	1,290
- Associates and joint ventures	1,261	431
	51,388	46,616
Investments related to unit-linked contracts	18,436	18,040
Reinsurance and other receivables	1,128	1,154
Property, plant and equipment	1,058	1,135
Goodwill and other intangible assets	1,337	1,366
Current and deferred tax assets	299	190
Accrued interest and other assets	2,582	1,795
Total assets	86,994	92,870
Liabilities		
Liabilities held for trading	77	165
Due to banks	2,237	8,759
Due to customers	81	148
Liabilities arising from insurance and investment contracts	49,938	47,751
Liabilities related to unit-linked contracts	18,484	18,078
Debt certificates	967	4,670
Subordinated liabilities	2,870	2,908
Other borrowings	166	179
Provisions	61	71
Current and deferred tax liabilities	980	684
Accrued interest and other liabilities	2,124	2,147
Total liabilities	77,985	85,560
Shareholders' equity	7,686	6,795
Minority interests	1,323	515
Total equity	9,009	7,310
Total liabilities and equity	86,994	92,870

Annex 2: Income Statement

	H1 09	H1 08
Income		
Insurance premiums	4,635	4,391
Interest income	1,416	1,391
Dividend and other investment income	233	309
Share in results of associates and joint ventures	13	30
Realised capital gains (losses) on investments	693	109
Other realised and unrealised gains and losses	558	(211)
Fee and commission income	177	214
Income related to investments for unit-linked contracts	712	(1,207)
Other income	133	164
Total income	8,570	5,190
Expenses		
Insurance claims and benefits	(4,796)	(4,452)
Charges related to unit-linked contracts	(705)	1,197
Interest expense	(339)	(571)
Change in impairments	(453)	(83)
Fee and commission expense	(462)	(456)
Depreciation and amortisation of tangible and intangible assets	(87)	(84)
Staff expenses	(321)	(322)
Other expenses	(325)	(370)
Total expenses	(7,488)	(5,141)
Profit before taxation	1,082	49
Income tax expense	(161)	7
Net profit for the period	921	56
Net result of discontinued operations		1,613
Net profit before minority interest	921	1,669
Net profit attributable to minority interests	35	31
Net profit attributable to shareholders	886	1,638
Per share data (EUR)		
Basic earnings per share	0.36	0.75
Basic earnings per share before net result on discontinued operations	0.36	0.01
Diluted earnings per share	0.36	0.75
Diluted earnings per share before net result on discontinued operations	0.36	0.01

Annex 3: Key performance indicators

AG Insurance

Key Performance Indicators

	H1 09	H1 08	Change	H2 08	Change
Life					
Gross Inflow (in EUR million)	2,746	2,695	2%	2,122	29%
- Individual Single	1,896	1,834	3%	1,275	49%
- Individual Regular	306	330	(7%)	358	(15%)
- Group Single	151	171	(12%)	148	2%
- Group Regular	393	360	9%	341	15%
New business life - APE (in EUR million)	223	233	(4%)	186	20%
Non-Life					
Gross written premiums (in EUR million)	808	774	4%	691	17%
- Accident & Health	245	236	4%	200	23%
- Motor	249	237	5%	209	19%
- Fire	245	235	4%	225	9%
- Other	69	66	4%	57	20%
Technical Result (in EUR million)	19	58	(68%)	60	(69%)
- Accident & Health	29	31	(5%)	43	(32%)
- Motor	(4)	19	*	(19)	(78%)
- Fire	(16)	0	*	30	*
- Other	10	8	25%	7	52%
Non-Life total					
Claims ratio	68.6%	65.3%	*	64.8%	*
Expense ratio	37.0%	35.9%	*	35.9%	*
Combined ratio	105.6%	101.2%	*	100.7%	*
Non-Life Property & Casualty					
Claims ratio	64.5%	59.0%	*	60.6%	*
Expense ratio	43.2%	41.9%	*	42.1%	*
Combined ratio	107.7%	100.9%	*	102.6%	*
Non-Life Accident & Health					
Claims ratio	78.2%	80.0%	*	74.7%	*
Expense ratio	22.4%	21.9%	*	21.3%	*
Combined ratio	100.6%	101.9%	*	96.1%	*

(1) Refers to full year 2008

Key Performance Indicators

	H1 09	FY 08	Change	H2 08	Change
No. of FTEs	5,589	5,542	(1%)	5,542	(^o 1%)
Regulatory Minimum Margin (in EUR million)	1,924	1,871	(2%)	-	*
Life					
Total Reserves - Life (in EUR million)	43,421	41,779	4%	41,779	4%
- Insurance and investment contracts	37,389	35,878	4%	35,878	4%
- Unit-linked contracts	6,032	5,901	2%	5,901	2%
Non-Life					
Total Reserves - Non-life (in EUR million)	3,002	2,893	4%	2,893	4%
Reserves / Premium ratio	207%	203%	*	203%	*

Fortis Insurance International

Key Performance Indicators

	H1 09	H1 08	Change	H2 08	Change
Life					
Gross Inflow (in EUR million)	1,792	2,203	(19%)	1,899	(6%)
- Individual Single	1,355	1,768	(23%)	1,476	(8%)
- Individual Regular	355	346	3%	372	(4%)
- Group Single	7	8	(28%)	6	5%
- Group Regular	75	81	(7%)	45	67%
New business life - APE (in EUR million)	211	272	(22%)	256	(17%)
Non-Life					
Gross written premiums (in EUR million)	577	635	(9%)	594	(3%)
- Accident & Health	106	104	2%	92	14%
- Motor	287	324	(11%)	318	(10%)
- Fire	130	157	(17%)	143	(9%)
- Other	55	51	8%	41	34%
Technical Result (in EUR million)	16	58	(72%)	51	(68%)
- Accident & Health	2	2	18%	3	(27%)
- Motor	4	20	(83%)	18	(81%)
- Fire	13	32	(59%)	25	(48%)
- Other	(3)	4	*	4	*
Non-Life total					
Claims ratio	75.3%	69.3%	*	70.0%	*
Expense ratio	30.8%	28.5%	*	29.0%	*
Combined ratio	106.1%	97.8%	*	99.0%	*
Non-Life Property & Casualty					
Claims ratio	75.8%	68.9%	*	69.8%	*
Expense ratio	31.9%	28.6%	*	29.2%	*
Combined ratio	107.7%	97.5%	*	99.0%	*
Non-Life Accident & Health					
Claims ratio	73.0%	71.6%	*	70.9%	*
Expense ratio	25.8%	28.0%	*	28.0%	*
Combined ratio	98.8%	99.5%	*	98.9%	*

(1) Refers to full year 2008

Key Performance Indicators

	H1 09	FY 08	Change	H2 08	Change
No. of FTEs	4,687	4,718	(1%)	4,687	(1%)
Regulatory Minimum Margin (in EUR million)	686	654	(1%)	-	*
Life					
Total Reserves - Life (in EUR million)	20,450	19,770	3%	19,770	3%
- Insurance and investment contracts	7,998	7,593	5%	7,593	5%
- Unit-linked contracts	12,452	12,177	2%	12,177	2%
Non-Life					
Total Reserves - Non-Life (in EUR million)	1,594	1,432	5%	1,432	11%
Reserves / Premium ratio	158%	131%	*	131%	*

Annex 4: Half year data per segment

AG Insurance

Income Statement - Life

AG Insurance - Life

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Gross written premiums	2,451	1,754	2,323	2,251	2,719
Gross written premiums deposit accounting	295	368	372	515	666
Gross inflow Life	2,746	2,122	2,695	2,766	3,385
Technical result	157	(88)	78	(89)	185
Allocated capital gains	(46)	(132)	66		30
Operating margin	111	(220)	144	(89)	215
Non-allocated other income and expenses	40	42	50	39	44
Profit before taxation	151	(178)	194	168	259
Income tax expenses	32	(97)	1	8	(5)
Net profit attributable to minority interests	10	2	3	3	2
Net profit attributable to shareholders	173	(277)	192	173	252

Income Statement - Non-Life

AG Insurance - Non-Life

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Gross written premiums Non-Life	808	691	774	646	721
Technical Result	19	60	58	82	35
Allocated capital gains	(5)	(12)	10	14	6
Operating margin	14	48	68	96	41
Non-allocated other income and expenses	7	13	3	(2)	3
Profit before taxation	21	61	71	94	44
Income tax expenses	2	(25)	(15)	(29)	(11)
Net profit attributable to minority interests	1	1		1	
Net profit attributable to shareholders	22	35	56	64	33

Income Statement

AG Insurance

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Operating costs	(209)	(206)	(199)	(195)	(178)
Net profit attributable to shareholders	195	(242)	248	237	285

Fortis Insurance International

Income Statement - Life

Insurance International - Life

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Gross written premiums	898	972	747	923	688
Gross written premiums deposit accounting	894	927	1,456	1,288	1,012
Gross inflow Life	1,792	1,899	2,203	2,211	1,700
Technical result	35	(78)	54	36	39
Allocated capital gains	1	(32)	(1)	11	13
Operating margin	36	(110)	53	47	52
Non-allocated other income and expenses	11	(7)	8	37	9
Profit before taxation	47	(117)	61	84	61
Income tax expenses	(15)	16	(15)	(13)	(13)
Net profit attributable to minority interests	21	(14)	24	19	24
Net profit attributable to shareholders	11	(87)	22	52	24

Income Statement - Non-Life

Insurance International - Non-Life

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Gross written premiums Non-Life	577	594	635	637	723
Technical Result	16	51	58	(59)	3
Allocated capital gains	10	(4)	(1)	2	1
Operating margin	26	47	57	(57)	4
Non-allocated other income and expenses	11	(9)	12	(2)	21
Profit before taxation	37	38	69	(59)	25
Income tax expenses	(12)	(17)	(16)	13	(6)
Net profit attributable to minority interests	3	5	4	3	6
Net profit attributable to shareholders	22	16	49	(49)	13

Income Statement

Insurance International

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Operating costs	(198)	(200)	(193)	(226)	(184)
Net profit attributable to shareholders	33	(71)	71	3	37

General

Income Statement

in EUR million

	H1 09	H2 08	H1 08	H2 07	H1 07
Net interest Income	31	(136)	(165)	(169)	(134)
Realised capital gains (losses) on investments	697	18		-	
Treasury and financial markets	499	(73)	(128)	(196)	130
Other income	11	10	36	19	64
Total income	1,238	(181)	(257)	(346)	60
Change in impairments	(362)	(20)	-	-	
Net revenues	876	(201)	(257)	(346)	60
Staff expenses	(11)	(21)	(23)	(25)	(24)
Other operating and administrative expenses	(34)	(111)	(75)	(106)	(82)
Total expenses	(45)	(133)	(98)	(131)	(106)
Profit before taxation	831	(334)	(355)	(476)	(47)
Income tax expenses	(168)	8	52	44	33
Net profit for the period	663	(326)	(303)	(432)	(14)
Net profit attributable to minority interests	-	-	-	-	-
Net profit attributable to shareholders	663	(27,738)	(303)	(432)	(14)
Results on divestments	-	(27,412)	-	-	-
Net profit before results of divestments	663	(326)	(303)	(432)	(14)
Eliminations	(5)	4	9	(1)	1
Net profit after eliminations	658	(322)	(294)	(433)	(13)