



# PRESS RELEASE

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Regulated Information – Full Year results 2011

## Insurance results affected by adverse financial markets Strong operational improvement in Non-Life

- **Insurance net result at EUR 313 million negative** (vs. EUR 391 million positive in 2010), including total net impairment charges of EUR 908 million and partly offset by realized capital gains of EUR 167 million
  - Life net result at EUR 425 million negative (vs. EUR 377 million positive in 2010), including impairment charges of EUR 871 million, partly offset by net realized capital gains
  - Non-Life net result increased to EUR 82 million (vs. EUR 2 million in 2010)  
Operating performance improved; Group combined ratio at 101.1% vs. 107.3%
- **Group inflows at EUR 17.2 billion, -4%**
  - Life inflows down 13%, at EUR 12.3 billion, market shares stable;
  - Non-Life inflows up 31%, at EUR 4.9 billion, growth across all segments;
- **Funds under management scope-on-scope stable at EUR 70.6 billion**

## Group net result at EUR 578 million negative

- **General Account at EUR 265 million negative**, including EUR 215 million impact legacies

## Resilient balance sheet

- **Shareholders' equity at EUR 7.8 billion, EUR 3.23 per share, -1%**
- **Insurance solvency at 207%; Group solvency ratio at 237%**

## Proposed gross cash dividend at EUR 8 eurocent per share, stable on 2010

CEO Bart De Smet said:

*"2011 has been marked by a tough financial environment. Our results were severely impacted by impairment charges on Greek sovereigns, equities and on goodwill related to the Hong Kong activity. In Non-Life, our UK activities reported impressive growth. However, our operational results showed good improvement, in particular in the UK. Combined ratios improved across all segments, underscoring the importance of our strategic choice for a balanced portfolio of activities. In Life, our inflows in Europe declined following the challenging market circumstances and increased competition. In Asia the outstanding inflow levels of 2010 have been repeated. Our capital position and shareholders' equity per share showed resilience, despite the volatility in the market.*

*The General Account remained volatile as a result of the valuation of the various legacy issues including the Tier 1 Debt Securities. The recently concluded transaction with BNP Paribas with respect to the CASHES and the Tier 1 Debt Securities will result in a reduction of the RPN(I) volatility going forward and is evidence of our determination to solve legacy issues. As a result of the settlement, our net cash position is expected to double to around EUR 1.3 billion.*

*Ageas executed a EUR 250 million share buy-back programme, announced in August last year which has been completed at the start of 2012. In addition, Ageas's Board has decided to propose for approval by the shareholders a gross cash dividend of 8 eurocent per share for 2011. This dividend proposal reflects our strong belief in the strength of the company and in the underlying profitability of our business."*

<i>in EUR million</i>	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross inflows (incl. non-consolidated partnerships)</b>	<b>17,219.0</b>	<b>17,943.0</b>	<b>( 4 %)</b>	<b>4,334.7</b>	<b>4,207.5</b>	<b>3 %</b>	<b>3,891.3</b>
- of which inflows from non-consolidated partnerships	5,981.0	5,759.0	4 %	1,521.4	1,271.8	20 %	1,380.6
<b>Net result Insurance before non-controlling interests</b>	<b>( 407.0)</b>	<b>533.5</b>	<b>*</b>	<b>( 98.9)</b>	<b>97.9</b>	<b>*</b>	<b>( 445.9)</b>
- Belgium	( 429.8)	355.0	*	6.6	78.4	( 92 %)	( 470.2)
- UK	89.5	( 23.4)	*	23.1	( 35.6)	*	36.2
- Continental Europe	( 2.6)	108.4	*	7.6	47.7	( 84 %)	( 30.3)
- Asia	( 64.1)	93.5	*	( 136.2)	7.4	*	18.4
<b>Net result Insurance attributable to shareholders</b>	<b>( 313.1)</b>	<b>391.3</b>	<b>*</b>	<b>( 104.4)</b>	<b>57.6</b>	<b>*</b>	<b>( 319.6)</b>
- Belgium	( 327.0)	263.5	*	4.0	58.2	( 93 %)	( 354.1)
- UK	86.0	( 16.8)	*	24.3	( 32.3)	*	31.3
- Continental Europe	( 8.0)	51.1	*	3.5	24.3	( 86 %)	( 15.2)
- Asia	( 64.1)	93.5	*	( 136.2)	7.4	*	18.4
<b>Net result General Account (incl. eliminations)</b>	<b>( 265.1)</b>	<b>( 168.2)</b>	<b>58 %</b>	<b>59.9</b>	<b>( 480.1)</b>	<b>*</b>	<b>( 155.3)</b>
- Net result General Account excl. value call option	( 51.1)	102.8	*	26.0	( 253.1)	*	177.6
<b>Net result attributable to shareholders</b>	<b>( 578.2)</b>	<b>223.1</b>	<b>*</b>	<b>( 44.5)</b>	<b>( 422.5)</b>	<b>( 89 %)</b>	<b>( 474.9)</b>
- Net result attributable to shareholders excl. value call option	( 364.2)	494.1	*	( 78.3)	( 195.5)	( 60 %)	( 142.1)
<b>Funds under management (in EUR bn) **</b>	<b>70.6</b>	<b>71.0</b>	<b>( 0 %)</b>	<b>70.6</b>	<b>71.0</b>	<b>( 0 %)</b>	<b>70.2</b>
<b>Operating cost Life/FUM Life ratio</b>	<b>0.51%</b>	<b>0.55%</b>		<b>0.51%</b>	<b>0.59%</b>		<b>0.46%</b>
<b>Combined ratio</b>	<b>101.1%</b>	<b>107.3%</b>		<b>100.9%</b>	<b>115.3%</b>		<b>101.4%</b>
<b>Total solvency ratio Insurance</b>	<b>207%</b>	<b>232%</b>		<b>207%</b>	<b>232%</b>		<b>210%</b>
Weighted average number of ordinary shares (in million)	2,546	2,482	3 %	2,546	2,482	3 %	2,578
<b>Earnings per share (in EUR)</b>	<b>( 0.23)</b>	<b>0.09</b>	<b>*</b>			<b>*</b>	
- Earnings per share excl. value call option (in EUR)	( 0.14)	0.20	*			*	
<b>Shareholders' equity</b>	<b>7,760</b>	<b>8,422</b>	<b>( 8 %)</b>	<b>7,760</b>	<b>8,422</b>	<b>( 8 %)</b>	<b>7,927</b>
- Shareholders' equity excl. value call option	7,365	7,813	( 6 %)	7,365	7,813	( 6 %)	7,566
<b>Net equity per share (in EUR)</b>	<b>3.23</b>	<b>3.26</b>	<b>( 1 %)</b>	<b>3.23</b>	<b>3.19</b>	<b>1 %</b>	<b>3.15</b>
- Net equity per share excl. value call option (in EUR)	3.06	3.02	4 %	3.06	2.96	4 %	3.01
<b>Dividend per share (in EUR)</b>		<b>0.08</b>					
<b>Return on equity*</b>	<b>(7.2%)</b>	<b>2.5%</b>					
- Return on equity per share excl. value call option	(4.9%)	5.9%					

\* Return on equity calculated on the basis of a 12-months profit and a net equity rolling average of the 4 past quarters; Previous quarterly results calculated as a rolling average based on 3-months net profit

\*\* Adjusted for the reclassification of Ageas Deutschland to 'Assets and Liabilities held for sale'

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Full Year Results 2011

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## Executive summary

2011 has been marked by the continued negative trend of the financial markets and fierce competition from bank products and sovereign states. Ageas reported inflows in 2011 of EUR 17.2 billion, 4% down on 2010, with lower inflows in Life but increasing premium levels in Non-Life. The non-consolidated partnerships at 100% contributed EUR 6.0 billion. In the UK, inflows increased to over EUR 2 billion for the first time, thanks to organic growth and a successful first year of operations of Tesco Underwriting. The Asian segment equalled the outstanding inflow levels of 2010. Overall market shares remained stable or improved, especially with respect to our Non-Life activities.

The Group reported a net result of EUR 578 million negative broken down in a net loss of EUR 313 million for the Insurance operations, and a net loss of EUR 265 million in the General Account. The Insurance net result includes a net impairment charge on the investment portfolio of EUR 809 million of which EUR 627 million related to impairments on the Greek sovereign exposure and EUR 182 million related to equities. Furthermore, Ageas decided to impair part of the goodwill related to AICA (Hong Kong) for an amount of EUR 99 million, taking into account the low interest rate environment and its impact on the financial situation of our local activity. Excluding the net impact of the total impairment charges, the net Insurance result this year would have amounted to EUR 595 million, compared to EUR 391 million in 2010, positively supported by a higher total amount of net realized capital gains (EUR 167 million vs. EUR 62 million), mainly realized in Belgium.

The 4<sup>th</sup> quarter net result amounted to EUR 44 million negative comprising EUR 104 million negative in Insurance and EUR 60 million positive in the General Account, with the Insurance performance mainly explained by the additional net impairment charges on the investment portfolio and the goodwill impairment in Hong Kong. The General Account's 4<sup>th</sup> quarter net result benefited from a positive result of EUR 56 million of a tax related settlement, and a positive contribution related to the effective yield of Fortis Tier 1 Debt Securities.

The consolidated annual financial statements 2011 and the embedded value report 2011 will be published on 14 March 2012.

## Insurance

### Impairment charges impact Life and Non-Life, improved Non-Life operating performance

Ageas reported for 2011 an **Insurance net result** after non-controlling interests of EUR 313 million negative compared to a net profit of EUR 391 million in 2010. This breaks down into a net result in Belgium of EUR 327 million negative, a net loss of EUR 8 million and EUR 64 million in Continental Europe and Asia respectively, partly offset by a net profit in the United Kingdom of EUR 86 million. The Insurance net result in the 4<sup>th</sup> quarter amounted to EUR 104 million negative. The Life activities reported a net loss of EUR 425 million negative (vs. EUR 377 million positive in 2010) while the Non-Life net result improved to EUR 82 million (vs. EUR 2 million in 2010). The Other Insurance segment, including the UK Retail activities, reported a net profit of EUR 30 million (vs. EUR 12 million in 2010).

The results in Belgium and Continental Europe are marked by impairment charges on the Greek sovereign bonds of EUR 1.3 billion gross and corresponding to a net charge of EUR 627 million after profit sharing, tax and non-controlling interests, based on the fair values as at 31 December 2011.

Following these impairment charges, the Greek sovereign bonds are recorded on average at 23% of the amortized cost. The additional net charge in the 4<sup>th</sup> quarter amounted to EUR 125 million.

The declining financial markets also triggered impairments on equities investments across the various segments with the exception of the UK, with a total annual net impact of EUR 182 million, of which EUR 69 million in the 4<sup>th</sup> quarter. By segment, the net charge breaks down into EUR 103 million in Belgium, EUR 22 million in Continental Europe and EUR 56 million in Asia, the latter following the further declining financial markets. Continued actions to recalibrate the investments in fixed income and equities combined with some sales activity in real estate in Belgium, resulted in realized net capital gains of EUR 167 million of which EUR 144 million positive in Belgium, EUR 8 million positive in the UK, EUR 8 million net loss in Continental Europe and EUR 23 million positive in Asia. Part of the gains realized in Asia related to the sale of Ageas's stake in Taiping Pension (EUR 20 million of which EUR 13 million in Asia Insurance and EUR 7 million accounted in the General Account).

The **Life net result** amounted to EUR 425 million negative compared to EUR 377 million positive in 2010. The 4<sup>th</sup> quarter net result amounted to EUR 137 million negative. The aforementioned non-recurring impairment charges on the investment portfolio (EUR 772 million) and the goodwill related to AICA (Hong Kong) affected the performance. In addition, the result in Belgium included a charge related to the contribution levied by the Belgian state on the insurance industry and amounting to EUR 20 million for the entire year. In the UK, the Life result includes a charge of EUR 4 million, related to an accelerated amortisation of deferred acquisition costs and recorded in the 4<sup>th</sup> quarter, due to higher than expected cancellations.

The **Non-Life** operations improved substantially compared to last year and reported a positive **net result** of EUR 82 million compared to EUR 2 million last year. The fourth quarter net result amounted to EUR 25 million. In 2011, the UK operations returned to profit (EUR 61 million) and Continental Europe and Asia contributed EUR 10 million and EUR 8 million respectively. The Non-Life result in Belgium came down to EUR 3 million hampered though by a impairment charges related to Greek sovereign bonds (EUR 27 million) and adverse weather related costs. The total weather related costs affecting the Non-Life operations amounted to EUR 37 million of which EUR 22 million in Belgium, EUR 11 million in the UK and EUR 4 million in Asia. Operating performance improved substantially across all segments and especially in Motor, driven by tariff increases and operational excellence.

The **Group combined ratio** amounted to 101.1% compared to 107.3% last year. The prior year loss reserve releases amounted to 2.9% vs. 2.8% in 2010. The combined ratio in the 4<sup>th</sup> quarter amounted to 100.9%. In the UK, the combined ratio ended at 99.9%, driven by strong improvement in all segments. In Belgium, the combined ratio came down as well to 103.3% (vs. 107.4%), suffering somewhat still from the adverse weather conditions in Fire. Excluding Workmen's Compensation, the ratio ended at 99.9%. In Continental Europe and Asia, the combined ratio's stood at 99.0% and 102% respectively. The increase in the Asian combined ratio was predominantly due to the exceptional monsoon floods in Thailand.

The net result of the **Other Insurance** segment, which includes the UK retail distribution operations, significantly improved to EUR 30 million, compared to EUR 12 million in 2010, benefiting from the contribution and the synergies of the recently acquired activities, KFFS and Castle Cover, and including result related fees from partners.

#### Lower Life inflows, Non-Life inflows up across all segments

**Total** gross inflows amounted to EUR 17.2 billion, 4% down on last year's level (EUR 17.9 billion). This included EUR 6.0 billion (+4%) from the Asian and Continental European non-consolidated partnerships on a 100% basis, the latter including the acquired Non-Life stake in AKSigorta, Turkey, as of August 2011. Gross inflows in the 4<sup>th</sup> quarter amounted to EUR 4.3 billion compared to EUR 4.2 billion last year (+3%) and 11% up compared to the 3<sup>rd</sup> quarter. The UK segment inflows soared in 2011 by nearly 70% driven by the first entire year of operations of Tesco Underwriting and additional organic growth, while Asia repeated its record performance of 2010, despite a difficult start. In Belgium and Continental Europe, inflows, especially in Life, came down in line with general market trends, Non-Life inflows further increased.

**Life** inflows, including non-consolidated partnerships at 100%, reached EUR 12.3 billion, a decline of 13% on 2010. Inflows in the consolidated entities amounted to EUR 7.1 billion compared to EUR 9.0 billion last year. The past year has been marked by fierce competition from banking products and state savings products while in Asia regulatory changes and monetary tightening in several markets were accompanied by an increased focus on lower volume but high-quality regular premium sales. Inflows in Belgium and Continental Europe came down by 12% and 36% respectively compared to 2010 levels, driven by an overall lower appetite for both traditional savings and unit-linked products. In Asia, inflows were remarkably resilient in view of the financial turmoil in the second half of the year and the regulatory changes in many of the markets.

In **Non-Life** Gross Written Premiums further grew to EUR 4.9 billion (+31%), reflecting the growth strategy in this area. The increase is fuelled by the UK, with an increase of more than EUR 800 million (+68%) largely due to the successful launch of Tesco Underwriting in October 2010 and positive developments in Personal and Commercial lines. In Continental Europe, the acquired stake in AKSigorta, the 3<sup>rd</sup> largest Non-Life insurer in Turkey, consolidated since August 2011, contributed EUR 177 million. In Asia both partnerships, Malaysia and Thailand performed well across all lines and recorded increases of 18% and 16% respectively. The Belgian operations, grew consistently in 2011 with a market share that rose to 15.7%. Inflows benefited from a mix of higher tariffs and increased volumes. Like in the UK, the Motor and Fire business performed particularly well.

### Investment portfolio composition fairly stable, unrealized gains up on last year

**Total funds under management** in the consolidated entities, excluding entities 'Held for Sale' (i.e. Ageas Life Germany) and including Non-Life, came down from EUR 78.1 billion end 2010 to EUR 70.6 billion end 2011. The decrease relates largely to the exclusion of the Funds under Management of the Luxembourg Life operations, which have merged at year end with Cardif Lux International and are now excluded from the consolidation scope. On a like-for-like basis, Funds under Management increased slightly, driven by Belgium and Asia. **Life funds under management** in the consolidated activities amounted to EUR 64.4 billion. Life funds under management in the non-consolidated partnerships (Asia) increased 9% to EUR 18.4 billion. In line with the increased inflow levels, **Non-Life funds under management** further increased to EUR 6.2 billion, up 16% compared to end 2010 and largely related to the growth of the UK operations.

Ageas's investment portfolio at the end of December amounted to EUR 59.3 billion compared to EUR 59.8 billion end 2010. The slight decrease can largely be explained by the consolidation scope changes relating to Fortis Luxembourg Vie (merger with Cardif Lux International) (EUR 0.5 billion) and the reclassification of Ageas Deutschland (sale to Augur Capital) to assets 'held for sale'.

Ageas decided in the 4<sup>th</sup> quarter to further adjust its remaining position in Greek bonds to the prevailing market prices at the end of 2011 resulting in a gross impairment (i.e. before tax and profit sharing) of EUR 1.3 billion for the year. The remaining Greek bonds are held as per 31 December 2011 at fair value corresponding to an average of 23% of their historical/amortized cost and amounting to EUR 354 million (EUR 265 million after non-controlling interests).

The equities portfolio has come down from EUR 2.3 billion end 2010 to EUR 1.8 billion end 2011. This is explained by divestments, the impairment charges and the impact of a lower fair value following the global decline of financial markets. Equities still represent 3% of the asset mix and remained overall stable compared to end 2010 with fixed income securities representing 90%. 95% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

At the end of December total gross unrealized gains and losses on the total investment portfolio amounted to EUR 1.8 billion positive compared to EUR 1.0 billion positive at the end of 2010, mainly as a result of the positive evolution of real estate (EUR 0.2 billion) and fixed income securities (EUR 0.6 billion). The latter was mainly supported by the positive impact from the already mentioned impairments on Greek bonds (EUR 1.3 billion).

### Further streamlining and selective strengthening of the Insurance portfolio

In the course of 2011 and in line with its defined strategy, Ageas undertook further actions to streamline and strengthen its Insurance activities. In February, Continental Europe took an important step towards enlarging its Non-Life activities by reaching an agreement with Haci Omer Sabanci Holding ("Sabanci") to acquire a 31% stake in AKSigorta, currently the 3<sup>th</sup> largest Non-Life insurer in Turkey for a total consideration of EUR 153 million. The transaction also included the conclusion of an exclusive distribution agreement with AKbank, with the objective to develop jointly the bancassurance model in Turkey. In November, Ageas and Sabanci, the two main shareholders of AKSigorta, announced their intention to increase their stake through the joint acquisition of 10% of the total amount of outstanding shares of AKSigorta. As per 31 December 2011, both parties already increased their stake by 2% to 33%, corresponding to a purchase price paid of EUR 4 million each.

At the end of March, Ageas acquired Castle Cover Limited, a UK based intermediary specialising in the over 50s insurance sector, consolidating Ageas n°2 position in this fast growing market segment. Ageas paid a consideration of EUR 63 million.

In the course of June, Ageas announced two additional transactions. In Luxembourg, Ageas Insurance International and BGL BNP Paribas, each holding 50% of the shares of Fortis Luxembourg Vie, signed a transaction with Cardif Lux International to merge their activities. The newly created entity is held by Ageas, BGL BNP Paribas and BNP Paribas Cardif for 33.33%, 33.33% and 33.34% respectively. The transaction was closed at the end of 2011 generating a EUR 30 million positive result, in the General Account. Secondly, Ageas entered into an agreement with Swiss Re to transfer the run-off business of Intreenco N.V., the former reinsurance captive of the Fortis Group. This transaction also envisaged a further simplification of the corporate structure and has been completed at the end of 2011.

Finally, in early October Ageas announced an agreement on the sale of the German Life activities with Augur Capital. The transaction is expected to close by early 2012. The transaction resulted in a capital loss of EUR 14 million which has been accounted for in the General Account in the 3<sup>rd</sup> quarter of 2011.

## General Account

The **General Account** result of EUR 265 million negative was mainly driven by the change in valuation of the legacy issues. Aside from the four legacy items, RPN(I), Royal Park Investments, the BNP call option and the Fortis Tier 1 Debt Securities, which had a combined negative impact of EUR 271 million, the General Account result also included a positive impact of EUR 56 million related to a settlement of outstanding tax issues and reducing the total negative impact of the legacy items to EUR 215 million.

At the end of 2011 the fair value of the **RPN(I) liability** came down to EUR 190 million (vs. EUR 465 million end 2010). The positive impact of EUR 275 million is mainly explained by the drop of the market value of the CASHES financial instrument from 50.2% to 35.4%. The total combined interest payment to Fortis Bank and the Belgian State for 2011 amounted to EUR 15 million.

Compared to end 2010 the value of the **BNP Paribas option** declined by EUR 214 million, mainly because of a decrease in the BNP Paribas' share price from EUR 47.685 to EUR 30.35 and the lower time value. This negative variance was partly mitigated by a substantial higher volatility assumption, going up from 33% to 49%.

The net result of **Royal Park Investments** at 100% and before an impairment test of the goodwill amounted to EUR 144 million net profit. Based on the review of the expected business in the second quarter, a value in use of the total business was calculated and resulted in an impairment on goodwill of EUR 586 million, causing a negative IFRS result of EUR 441 million at 100% (Ageas's share at EUR 197 million negative). At year end the hedge reserve including the realised gains on sold swaps amounted to EUR 190 million post tax, up EUR 96 million on last year (Ageas's share at EUR 43 million). As a result of both elements, Ageas's equity investment in RPI decreased EUR 154 million (i.e EUR 197 million negative result partially compensated by EUR 43 million increase in hedge reserves that flow through equity) from EUR 933 million end 2010 to EUR 779 million end 2011. This remains above the original investment amount of EUR 760 million.

The **Fortis Bank Tier 1 Debt Securities**, acquired at EUR 953 million at the end of September were recorded at EUR 794 million at 31 December, including the amortisation of EUR 32 million in the 4<sup>th</sup> quarter. The net result also includes the positive impact of a first coupon payment of EUR 10 million, and a deferred tax impact of EUR 28 million, resulting in a total negative impact on the 2011 result of EUR 121 million.

In the 4<sup>th</sup> quarter the net result of the General Account amounted to EUR 60 million. This mainly related to the EUR 56 million of the aforementioned tax settlement, as the fair value adjustments with respect to the other legacy issues nearly compensated each other.

### Liability with respect to the put option related to the 25%+1 share of AG Insurance Belgium, held by Fortis Bank

In the Consolidated Financial Statements of 2008, Ageas disclosed that on 12 March 2009 an agreement was concluded on the sale of 25% + 1 share of AG Insurance Belgium to Fortis Bank for an amount of EUR 1,375 million. As part of this transaction Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance Belgium in the six-month period starting January 1, 2018 to Ageas at fair value. In consultation with our external auditors, the exact terms and conditions related to the exercise of the put option have been subject to a review. As a result and in accordance with IAS 32, Ageas has recognized a financial liability against the present value of the estimated exercise price in 2018 of the put option. The figures for 2010 have been restated for comparison reasons.

Based on these parameters the net present value of the liability as at 31 December 2011 is EUR 656 million. The impact on shareholders' equity is limited to EUR 138 million positive in total, broken down in a positive impact of EUR 175 million positive in 2010 partially mitigated by a EUR 36 million negative impact in 2011.

### Events after the balance sheet date

On 26 January 2012, Ageas and Fortis Bank reached an agreement on a partial settlement of the RPN(I) and an entire call of the Tier 1 Debt securities, issued by Fortis Bank and for 95% held by Ageas. This settlement and call were both subject to a successful cash tender by BNP Paribas of at least 50% on the CASHES financial instrument. On 30 January, BNP Paribas and Ageas announced a successful tender reaching a percentage of 63%. On 6 February 2012, BNP Paribas converted 7,553 of the tendered securities outstanding into approximately 79 million Ageas's shares.

Consequently the Tier 1 Debt securities will be called by BNP Paribas as per 26 March 2012, at par by which Ageas will receive EUR 953 million. In the context of the transaction, Ageas also agreed to pay BNP Paribas an indemnity of EUR 287 million, based on a reference amount of EUR 456 million at 100% CASHES conversion. The combined impact on Ageas's net cash position amounts to EUR 666 million.

The accounting impact in the first quarter of 2012 will amount to EUR 147 million negative, broken down in the following elements :

- A positive impact due to the redemption of the Tier 1 instrument amounting to EUR 131 million. This relates to a EUR 159 million higher value of the instrument compared to its amortized cost value end 2011 and EUR 28 million cancellation of the corresponding deferred tax asset.
- A positive net impact related to the pro rata release of the RPN(I) liability amounting to EUR 21 million. Ageas reviewed the level 3 valuation of the RPN(I) and decided to include a EUR 169 million floor in the valuation of the remaining RPN(I), corresponding to 37.06% of the indemnification paid. At year end, the RPN(I) liability amounted to EUR 190 million and as a result the release amounted to EUR 21 million.
- A negative impact of EUR 299 million due to indemnifications. This amount breaks down into the EUR 287 million indemnification paid and a EUR 12 million net loss due to costs related to the transaction and including the best estimate of the fair value of the annual indemnification.

#### Contingent liabilities

Please refer to the note 53.1 in the "2011 Consolidated Annual Financial Statements" as per 31 December 2011 for the entire section of "Contingent liabilities related to the legal proceedings". The Consolidated Annual Financial Statements will be made public as per 14 March 2012. Since the publication of the "Consolidated Interim Financial Statements for the first nine months of 2011" (see note 28.1) on 9 November 2011, Ageas reported the publication of the final conclusions of the Belgian experts assigned on request of Deminor to investigate the split up of the former Fortis' Group on 18 November 2011.

In February 2012, two judgments were rendered, one by the Rotterdam Court confirming an AFM decision relating to the Fortis' communication on its subprime position in September 2007 and one by the Utrecht court on the dissemination of misleading information in May-June 2008. Ageas will appeal both judgments.

## Group

#### Shareholders' equity at EUR 3.23 per share

Shareholders' equity at 31 December 2011 amounted to EUR 7.8 billion (EUR 3.23 per share) compared to EUR 8.4 billion (EUR 3.26 per share) at the end of 2010. The 2010 shareholders' equity has been restated to take into account the aforementioned revaluation of the liability related to the put option with respect to the 25%+1 held by Fortis Bank in AG Insurance Belgium.

Compared to end 2010, the shareholders' equity came down mainly as a result of the negative Group result and the impact of the dividend payment (EUR 0.2 billion) and share buy-back programme (EUR 0.2 billion), partly offset by higher unrealized gains (EUR 0.3 billion) and increased currency translation reserves (EUR 0.1 billion).

Following the share buy-back programme executed in the course 2011, the shareholder's equity per share is positively impacted by the lower amount of outstanding shares.

#### Strong solvency levels based on the regulatory solvency calculation methodology

As of the 3<sup>rd</sup> quarter Ageas decided to align its solvency calculation to the regulatory view. This mainly implies the inclusion of the General Account's capital position in the Group Solvency ratio. As at 31 December 2011, **total regulatory capital** under IFRS amounted to EUR 8.6 billion compared to EUR 9.9 billion at the end of 2010 and including EUR 1.1 billion from the General Account.

The solvency excess amounts to EUR 5.0 billion, corresponding to a Group Solvency ratio of 237% compared to 282% end 2010 and including a 18% decrease due to the recognition of a liability for the put option related to the 25%+1 share of AG Insurance Belgium, held by Fortis Bank. Total available capital of the Insurance activities amounted to EUR 7.5 billion, with minimum solvency requirements up to EUR 3.6 billion (+12%), and an Insurance solvency ratio of 207% (vs. 232% end 2010). The decreased Insurance solvency relates to a lower amount of available capital combined with higher minimum capital requirements across all segments and reflecting business growth. The IFRS solvency ratios in the business segments remained solid with Belgium at 174%, the UK at 234%, Continental Europe at 172% and Asia at 292%.

As of the 3<sup>rd</sup> quarter of 2011, Ageas decided to abandon the reporting of discretionary capital in the General Account. At the same time it decided to focus on the net cash position as an indicator for the strategic flexibility of the Group. The **net cash position** on 31 December 2011, assuming full redemption of the European Medium Term Notes (EMTN) programme, and including EUR 600 million invested in short term bank deposits, came down from EUR 2.2 billion at the end of 2010 to EUR 0.6 billion at the end of December. This decrease mainly reflects the EUR 953 million impact of the acquisition of the Fortis Tier 1 Debt Securities, the acquisition price paid for AKSigorta and Castle Cover, dividend payments and the amount spent on the share buy-back programme since August 2011 (EUR 0.2 billion). The net cash position will improve at the end of March 2012, following the net positive impact of the redemption of the Tier 1 Debt Securities by BNP Paribas (EUR 0.7 billion)

#### 2011 gross dividend of 8 eurocent, stable on 2010

Ageas's Board of Directors will propose a **gross dividend of 8 eurocent per share** to be paid in cash, subject to approval by the shareholders at the Annual Shareholders' meeting of 25 and 26 April 2012. Despite the negative Insurance results, Ageas's Board of Directors has decided to keep the dividend stable compared to the dividend paid over 2010, as a sign of trust and belief in the underlying quality of the assets and our business

#### Ageas owned 6.7% of its shares following the on going share buy-back programme as at 31 December 2011

Further to the initiation of the share buy-back programme announced on 24 August 2011 for a total amount of EUR 250 million, Ageas bought 175.2 million shares as at 31 December for a total amount of EUR 227.8 million and corresponding to 6.7% of the total amount of shares outstanding. These shares were reported as 'Treasury Shares'. On 25 January 2012, Ageas announced the completion of the share buy-back programme. It acquired in total 192,168,091 shares corresponding to 7.33% of the amount of shares outstanding. Ageas's Board of Directors will propose to the shareholders at the next Shareholder's meetings of 25 and 26 April 2012, the cancellation of these shares.

#### Total amount of shares outstanding

The total issued shares end 2011 equals to 2,623,380,817. In the context of the aforementioned share buy-back programme a total number of 175,163,656 Ageas's shares were acquired end 2011 bringing the total number of treasury shares, including the approximately 40 million shares that were issued in relation to the FRESH financial instrument, to 217,090,936. These shares have no entitlement to dividend or voting rights. The 125,313,283 shares that were issued in the context of the rights and obligations arising from the potential conversion of the CASHES subordinated hybrid securities are not entitled to voting and dividend right bringing the total number of outstanding shares entitled to dividend and having voting rights to 2,280,976,598. In the context of the transaction with BNP Paribas, the latter has converted 63% of the outstanding CASHES, into 78,874,241 Ageas's shares entitled to dividend and having voting rights. The amount of outstanding shares having voting and dividend rights will total after the conversion to 2,342,846,404 (deducting the additional shares bought back early 2012 (17,004,435)).

#### FTEs

Ageas employed 12,557 FTEs on 31 December 2011, compared to 11,707 FTEs end 2010. The increase is mainly related to the recent acquisition and new partnership in the UK. The total breaks down as 5,806 at AG Insurance and subsidiaries in Belgium, 5,238 in the United Kingdom, 1,062 in the Continental Europe and 352 in Asia. The FTEs of the latter two segments also include the regional staff based in Brussels and Hong Kong respectively. Ageas's General Account segment, in casu the Corporate Centre employed 99 FTEs end 2011.

## Details by business segment

### Belgium

Income Statement - Life							
Belgium - Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Gross written premiums	4,263.0	4,529.5	( 6 %)	1,182.5	1,194.6	( 1 %)	908.2
Investment contracts without dpf	244.8	589.2	( 58 %)	20.2	99.9	( 80 %)	35.7
<b>Gross inflow Life</b>	<b>4,507.8</b>	<b>5,118.7</b>	<b>( 12 %)</b>	<b>1,202.7</b>	<b>1,294.5</b>	<b>( 7 %)</b>	<b>943.9</b>
Operating costs	( 179.8)	( 176.6)	2 %	( 43.7)	( 44.0)	( 1 %)	( 44.8)
<b>Technical result</b>	<b>183.9</b>	<b>343.2</b>	<b>( 46 %)</b>	<b>29.2</b>	<b>81.8</b>	<b>( 64 %)</b>	<b>45.4</b>
Allocated capital gains	( 492.5)	( 43.1)	*	51.5	14.2	*	( 481.3)
<b>Operating margin</b>	<b>( 308.6)</b>	<b>300.1</b>	<b>*</b>	<b>80.7</b>	<b>96.0</b>	<b>( 16 %)</b>	<b>( 435.9)</b>
Non-allocated other income and expenses	( 183.2)	161.9	*	( 66.5)	23.4	*	( 94.8)
<b>Result before taxation</b>	<b>( 491.8)</b>	<b>462.0</b>	<b>*</b>	<b>14.2</b>	<b>119.4</b>	<b>( 88 %)</b>	<b>( 530.7)</b>
Income tax expenses	57.6	( 122.5)	*	( 13.8)	( 30.8)	( 55 %)	83.7
Net result attributable to non-controlling interests	( 104.4)	87.3	*	1.0	22.7	( 96 %)	( 110.5)
<b>Net result attributable to shareholders</b>	<b>( 329.8)</b>	<b>252.2</b>	<b>*</b>	<b>( 0.6)</b>	<b>65.9</b>	<b>*</b>	<b>( 336.5)</b>

Income Statement - Non-Life							
Belgium - Non-Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross written premiums Non-Life</b>	<b>1,670.9</b>	<b>1,590.7</b>	<b>5 %</b>	<b>377.8</b>	<b>359.5</b>	<b>5 %</b>	<b>395.0</b>
Operating costs	( 277.3)	( 263.3)	5 %	( 70.7)	( 66.8)	6 %	( 69.4)
<b>Technical result</b>	<b>55.8</b>	<b>0.7</b>	<b>*</b>	<b>12.1</b>	<b>( 21.4)</b>	<b>*</b>	<b>6.5</b>
Allocated capital gains	( 12.8)	( 1.6)	*	5.5	1.6	*	( 16.3)
<b>Operating margin</b>	<b>43.0</b>	<b>( 0.9)</b>	<b>*</b>	<b>17.6</b>	<b>( 19.8)</b>	<b>*</b>	<b>( 9.8)</b>
Non-allocated other income and expenses	( 21.4)	19.7	*	( 7.5)	3.4	*	( 11.8)
<b>Result before taxation</b>	<b>21.6</b>	<b>18.8</b>	<b>15 %</b>	<b>10.1</b>	<b>( 16.4)</b>	<b>*</b>	<b>( 21.6)</b>
Income tax expenses	( 17.2)	( 3.3)	*	( 3.9)	6.2	*	( 1.6)
Net result attributable to non-controlling interests	1.6	4.2	( 61 %)	1.6	( 2.5)	*	( 5.6)
<b>Net result attributable to shareholders</b>	<b>2.8</b>	<b>11.3</b>	<b>( 76 %)</b>	<b>4.6</b>	<b>( 7.7)</b>	<b>*</b>	<b>( 17.6)</b>

Income Statement							
Belgium - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross inflow</b>	<b>6,178.7</b>	<b>6,709.4</b>	<b>( 8 %)</b>	<b>1,580.5</b>	<b>1,654.0</b>	<b>( 4 %)</b>	<b>1,338.9</b>
Operating costs	( 457.1)	( 439.9)	4 %	( 114.4)	( 110.8)	3 %	( 114.2)
<b>Net result attributable to shareholders</b>	<b>( 327.0)</b>	<b>263.5</b>	<b>*</b>	<b>4.0</b>	<b>58.2</b>	<b>( 93 %)</b>	<b>( 354.1)</b>

- **Inflows at EUR 6.2 billion (vs. EUR 6.7 billion in 2010)**
  - Life gross inflows at EUR 4.5 billion, -12% vs. 2010 with an overall lower market appetite for Life savings and unit-linked products
  - Non-Life Gross Written Premiums at EUR 1.7 billion, +5% vs. 2010, driven by tariff increases and volume growth
- **Net result after non-controlling interests at EUR 327 million negative (vs. EUR 264 million positive in 2010)**
  - Financial performance hampered by a net impairment charge on the investment portfolio of EUR 687 million
  - Excluding net impairment charge, net result at EUR 360 million positive, partly supported by realized capital gains
- **Non-Life operational performance substantially improved; Overall combined ratio down to 103.3% (vs. 107.4% in 2010)**
  - Combined ratio, excluding Workmen's Compensation at 99.9% (vs. 104.3% in 2010)
  - Solid improvement in Motor, combined ratio at 94.2%; Fire improved but still at 109.9%, including adverse weather related costs and a higher large claims cost
- **IFRS Solvency remained solid at 174% (vs. 198% in 2010), despite the declining financial markets**
- **Life funds under management up 2% to EUR 49.1 billion (vs. EUR 48.2 billion end 2010)**

Total **gross inflows** in 2011 amounted to EUR 6.2 billion, 8% down on last year, with opposite trends in Life and in Non-Life. Inflows in the last quarter of the year amounted to EUR 1.6 billion, 4.4% down on last year, but 18% higher than in the previous quarter. The strong commercial performance in the fourth quarter is driven by the traditional end-of-year sales of pension savings products.

**Individual Life** products faced competition from bank savings products and a successful direct retail issue of government debt together with an adverse risk appetite for unit-linked products, resulting in lower inflows (-15%) compared to last year. **Group Life** inflows came slightly (-2%) down on last year mainly explained by timing differences. Despite the difficult market circumstances, funds under management increased compared to last year, and reflected a market leader position of 27.4%.<sup>1</sup> **Non-Life** gross written premiums grew consistently in 2011 with a market share that rose to 15.7%.<sup>2</sup> Inflows benefited from a mix of higher tariffs and increased volumes.

The **net result** after non-controlling interests amounted to EUR 327 million negative compared to EUR 264 million positive in 2010, impacted mainly by net impairment charges on the Greek sovereigns and equities position in the investment portfolio and totalling up to EUR 584 million and EUR 103 million respectively. In addition, the net result includes a net realized capital gain of EUR 144 million following various asset reallocation operations in the course of the year both in fixed income, equities and real estate.

Non-Life net profit was supported by a strongly recovered technical performance in Motor across the year, while Fire still contributed negatively due to increased large claims cost and a negative impact from several weather events across the year. Life net profit suffered from the turbulence on the financial markets. In addition, the 0.15% state contribution on the Life savings funds under management (excluding second pillar) had a EUR 20 million net negative impact.

AG Insurance decided in the fourth quarter to further adjust the value of its remaining position in Greek sovereigns to the prevailing market prices end 2011 (around 23%), resulting in an additional impairment charge of EUR 114 million. Furthermore it recorded additional impairments on its equities position (EUR 8 million). The overall net result in the fourth quarter amounted to EUR 4 million. End 2011, the IFRS solvency level came down compared to end 2010 but remained strong at a level of 174% (vs. 198%).

The Life cost ratio as a percentage of funds under management has slightly improved from 0.38% to 0.37% while the Non-Life cost ratio (as a % of the Gross Earned Premiums) slightly increased from 16.5% to 16.7%. **Operating costs** increased by 4% and amounted to EUR 457 million year-to-date. This increase is mainly related to inflation but also to Solvency II related costs and investments in the Health Insurance division.

<sup>1</sup> Based on Assuralia Q4 enquiry

<sup>2</sup> Based on Assuralia Q4 enquiry

## Life

Life **inflows** amounted to EUR 4.5 billion, 12% down on last year. Individual Life inflows amounted to EUR 3.5 billion (vs. EUR 4.1 billion in 2010). Total inflows in the fourth quarter amounted to EUR 1.2 billion and were up on the previous quarter (EUR 0.9 billion). The good commercial performance is driven by a successful campaign in the traditional end-of-year sales of pension savings products. Individual Life unit-linked sales came down on last year (EUR 344 million, -59%) as customer appetite came down substantially. Overall, Individual Life savings ended 8% below last year's level. Attractive interest rates on bank products but also a successful retail government bond placement by the Belgian State in December 2011 resulted in lower inflow levels via the bank channel compared to 2010 (EUR 2.7 billion vs. EUR 3.2 billion), and offsetting the positive impact of the successful commercial campaigns in the first quarter. Inflows via the broker channel amounted to EUR 0.8 billion, 6% below the 2010 levels but still in line with the 2009 levels. Group Life inflows amounted to EUR 1.0 billion (-2%) and is mainly explained by timing differences.

Despite lower inflows, Life **funds under management** were up at the end of 2011 to EUR 49.1 billion, driven by very limited lapse rates and high renewals. Non-unit linked funds under management increased to EUR 43.2 billion (vs. EUR 41.5 billion end of December 2010). Unit-linked funds under management decreased 11% to EUR 5.9 billion, driven by lower volumes and an unfavourable market value of the underlying funds.

The **technical result** fell from EUR 343 million end 2010 to EUR 184 million end 2011, including part of the negative impact of the impairment charges on Greek bonds (EUR 133 million) specifically related to the segregated accounts and a decreasing investment income. The total annual charge, before tax and non-controlling interests, related to the 0.15% state contribution on the Life savings funds under management (except for second pillar) amounted to EUR 40 million. The remaining net impact of impairment charges and realized capital gains is included at the level of the operating margin and explains largely the additional negative variance.

The **net result** amounted to a loss of EUR 330 million with a nearly breakeven result in the fourth quarter and compared to a net profit of EUR 252 million in 2010. The full year result included a charge of EUR 558 million related to the impairments on the Greek sovereigns and EUR 93 million related to equities.

## Non-Life

**Gross written premiums** reached EUR 1.7 billion in 2011, +5% compared to last year. Inflows in the fourth quarter amounted to EUR 378 million, +5% vs. last year. In 2011 inflows increased further across all segments, but especially in Motor (+6%) and Fire (+8%). Inflows in Health amounted to EUR 259 million, nearly stable on last year, the latter benefitting from an exceptional disability premium on a specific contract. Overall, the increase is driven by a combination of higher volumes and tariff increase. Inflows via the broker channel rose 5% and reached EUR 1,182 million. Sales via the bank channel rose in 2011 thanks to persistent commercial support and amounted to EUR 230 million (+8%).

The **technical result** amounted to EUR 56 million compared to EUR 1 million last year, driven by a strongly improved operational performance, especially in Motor. The other businesses also improved their performance, despite a negative impact from weather related events and higher large claims costs in Fire and Workmen's Compensation. Health Care continued to benefit from a solid claims result.

The overall **combined ratio** improved substantially to 103.3%, compared to 107.4% last year. Excluding Workmen's Compensation, the combined ratio ended at 99.9% vs. 104.3% last year. The prior year loss reserve releases amounted to 5.9% compared to 5.2% in 2010. The Motor segment performed consistently well across the year, benefitting from the impact of corrective measures together with a favourable frequency evolution, resulting in a combined ratio of 94.2%. In Fire, the combined ratio ended at 109.9% (vs. 122.8% in 2010), supported by among others the positive impact of a tariff increase in Natural Catastrophes, representing a 6% premium increase in the Fire portfolio on an annual basis. In Workmen's Compensation the performance continued to suffer from a high number of deceased and permanent disability claims, reflected in a combined ratio of 132.2%. Corrective measures are on going and include the implementation of new tariffs and portfolio pruning.

The **net result** amounted to EUR 3 million compared to EUR 11 million last year, with a net profit in the 4<sup>th</sup> quarter of EUR 5 million (vs. a net result of EUR 8 million negative in 2010). The result includes a net impairment charge related to the Greek sovereign bonds of EUR 26 million and EUR 9 million on equities. Excluding the impairment charges, the net profit in 2011 would amount to EUR 39 million compared to EUR 11 million in 2010. Adverse weather related events impacted the annual result with EUR 22 million compared to EUR 25 million in 2010.

## United Kingdom

Income Statement - Life							
UK - Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Gross written premiums	51.3	27.5	87 %	15.5	8.8	76 %	13.7
Investment contracts without dpf	-	-	*	-	-	*	-
<b>Gross inflow Life</b>	<b>51.3</b>	<b>27.5</b>	<b>87 %</b>	<b>15.5</b>	<b>8.8</b>	<b>76 %</b>	<b>13.7</b>
Operating costs	(25.5)	(30.6)	(17 %)	(7.2)	(12.7)	(43 %)	(6.4)
<b>Technical result</b>	<b>(7.8)</b>	<b>(13.4)</b>	<b>(42 %)</b>	<b>(4.6)</b>	<b>(7.9)</b>	<b>(42 %)</b>	<b>(1.1)</b>
Allocated capital gains	-	-	*	-	-	*	-
<b>Operating margin</b>	<b>(7.8)</b>	<b>(13.4)</b>	<b>(42 %)</b>	<b>(4.6)</b>	<b>(7.9)</b>	<b>(42 %)</b>	<b>(1.1)</b>
Non-allocated other income and expenses	1.8	1.5	20 %	0.4	(0.1)	*	0.6
<b>Result before taxation</b>	<b>(6.0)</b>	<b>(11.9)</b>	<b>(49 %)</b>	<b>(4.2)</b>	<b>(8.0)</b>	<b>(48 %)</b>	<b>(0.5)</b>
Income tax expenses	1.6	3.3	(53 %)	1.1	2.2	(50 %)	0.1
Net result attributable to non-controlling interests	-	-	*	-	-	*	-
<b>Net result attributable to shareholders</b>	<b>(4.4)</b>	<b>(8.6)</b>	<b>(48 %)</b>	<b>(3.1)</b>	<b>(5.8)</b>	<b>(47 %)</b>	<b>(0.4)</b>

Income Statement - Non-Life							
UK - Non-Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross written premiums Non-Life</b>	<b>1,983.4</b>	<b>1,179.3</b>	<b>68 %</b>	<b>460.6</b>	<b>358.2</b>	<b>29 %</b>	<b>529.0</b>
Operating costs	(141.5)	(93.0)	52 %	(41.0)	(25.7)	60 %	(36.3)
<b>Technical result</b>	<b>66.3</b>	<b>(43.1)</b>	<b>*</b>	<b>20.3</b>	<b>(47.4)</b>	<b>*</b>	<b>25.8</b>
Allocated capital gains	7.8	2.9	*	3.1	0.1	*	3.6
<b>Operating margin</b>	<b>74.1</b>	<b>(40.2)</b>	<b>*</b>	<b>23.4</b>	<b>(47.3)</b>	<b>*</b>	<b>29.4</b>
Non-allocated other income and expenses	13.4	2.7	*	3.4	1.7	*	4.4
<b>Result before taxation</b>	<b>87.5</b>	<b>(37.5)</b>	<b>*</b>	<b>26.8</b>	<b>(45.6)</b>	<b>*</b>	<b>33.8</b>
Income tax expenses	(23.4)	10.2	*	(7.7)	12.5	*	(8.6)
Net result attributable to non-controlling interests	3.5	(6.6)	*	(1.2)	(3.3)	(64 %)	4.9
<b>Net result attributable to shareholders</b>	<b>60.6</b>	<b>(20.7)</b>	<b>*</b>	<b>20.3</b>	<b>(29.8)</b>	<b>*</b>	<b>20.3</b>

Income Statement - Other Insurance							
UK - Other Insurance - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Fee and commission income	166.6	138.2	21 %	37.9	38.6	(2 %)	44.5
Other income	105.2	42.1	*	27.2	21.0	30 %	30.1
Staff expenses	(97.5)	(64.7)	51 %	(24.8)	(21.6)	15 %	(25.1)
Other expenses	(134.8)	(95.1)	42 %	(31.7)	(32.6)	(3 %)	(33.8)
<b>Result before taxation</b>	<b>39.4</b>	<b>20.5</b>	<b>93 %</b>	<b>8.5</b>	<b>5.4</b>	<b>57 %</b>	<b>15.7</b>
Income tax expenses	(9.6)	(8.0)	20 %	(1.4)	(2.1)	(33 %)	(4.3)
Results on discontinued operations	-	-	*	-	-	*	-
Net result attributable to non-controlling interests	-	-	*	-	-	*	-
<b>Net result attr. to shareholders before results on divestments</b>	<b>29.8</b>	<b>12.5</b>	<b>*</b>	<b>7.1</b>	<b>3.3</b>	<b>*</b>	<b>11.4</b>
Results on divestments	-	-	*	-	-	*	-
<b>Net result attributable to shareholders</b>	<b>29.8</b>	<b>12.5</b>	<b>*</b>	<b>7.1</b>	<b>3.3</b>	<b>*</b>	<b>11.4</b>

Income Statement							
UK - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross inflow</b>	<b>2,034.7</b>	<b>1,206.8</b>	<b>69 %</b>	<b>476.1</b>	<b>367.0</b>	<b>30 %</b>	<b>542.7</b>
Operating costs	(167.0)	(123.6)	35 %	(48.2)	(38.4)	26 %	(42.7)
<b>Net result attributable to shareholders</b>	<b>86.0</b>	<b>(16.8)</b>	<b>*</b>	<b>24.3</b>	<b>(32.3)</b>	<b>*</b>	<b>31.3</b>

- **Inflows over EUR 2 billion (vs. EUR 1.2 billion in 2010, +69%)**
  - Non-Life gross written premiums up 68% to nearly EUR 2 billion
  - Other Insurance income up 51% to EUR 0.3 billion
  - Life Protection inflows up 87%
- **Net profit at EUR 86 million (vs. EUR 17 million negative in 2010)**
  - Non-Life result strongly improved to EUR 61 million (vs. EUR 21 million negative in 2010)
  - Contribution Other Insurance up to EUR 30 million, +32 %
  - Life result EUR 4.4 million negative, impacted by DAC amortisation (vs. EUR 9 million negative in 2010)
- **Combined ratio ends at 99.9% (vs. 109.5% in 2010)**
  - Excellent performance in Motor and Household with combined ratios of 98.7% and 96.7% respectively (vs. 106.2% and 115.6% in 2010)
- **Consistent focus on multi-distribution strategy leads to record UK sales growth and profitability**
  - Tesco Underwriting business fully operational, offering further growth opportunities; Inflows at EUR 755 million in 2011
  - Organic growth in Non-Life also further up, inflows +14%
  - Market position in Retail distribution further strengthened through acquisitions of Castle Cover; Ageas UK reinforces its leading role in fast growing over 50s insurance market

**Non-Life inflows** in 2011 reached EUR 1.98 billion, an increase of 68%. This excellent performance is driven by good growth in both Personal and Commercial lines, with an additional boost in the successful transfer and deployment of the Tesco Underwriting business during the year. Life Protection further strengthened its commercial position while income from the Retail operations (reported within "Other Insurance") grew by 51%. The currency impact on inflows compared to 2010 was slightly negative (EUR 24 million). Inflows in the fourth quarter amounted to EUR 460 million, +28% compared to the same quarter last year.

The **net result** improved significantly over 2011 and reached EUR 86 million (vs. EUR 17 million negative in 2010). The Non-Life operations reported a net profit after non-controlling interests of EUR 61 million, Other Insurance (including Retail distribution) contributed EUR 30 million while the Life Protection business reported a net loss due to a charge of EUR 4 million related to deferred acquisition cost (DAC) amortisation. The total net profit in the 4<sup>th</sup> quarter of 2011 amounted to EUR 24 million.

## Life

**Gross inflows** in 2011 amounted to EUR 51 million, up 87% on 2010. Ageas Protect has been successful in growing its market share among Independent Financial Advisers (IFAs) increasing to 8.1% in 2011 (vs. 6.4% in 2010). The company now provides cover to 190,000 customers, an increase of 70,000 customers compared to last year.

As part of its deliberate strategy to diversify its distribution, Ageas Protect successfully launched corporate partnerships with UK retail chain ASDA and UK broker Budget Group Limited, who both now offer a guaranteed acceptance Life cover product to their customers.

The last quarter of 2011 was marked by a charge of EUR 4 million in relation to deferred acquisition costs and resulting in a negative contribution over 2011 of EUR 4.4 million.

## Non-Life

Total **gross written premiums** grew substantially in 2011 to EUR 1.98 billion, an increase of 68% on last year. This significant growth continues to be driven by positive developments both in Personal and Commercial lines for Ageas Insurance and the inclusion of Tesco Underwriting, Ageas's partnership with Tesco Bank. Inflows in Household were up 54% to EUR 455 million (vs. EUR 295 million), while Motor inflows nearly doubled to EUR 1,280 million (vs. EUR 656 million).

Tesco Underwriting's gross inflows reached EUR 755 million in 2011 and reported inflows in the 4<sup>th</sup> quarter of EUR 176 million (vs. EUR 101 million in Q4 10, the first quarter of the partnership) confirming the continued strong performance of the business. This performance reflects the successful transfer of Tesco's existing customers to Tesco Underwriting combined with additional growth. Tesco Underwriting now covers over 1.5 million customers.

In addition, inflow growth was helped by further organic growth in Ageas Insurance, up 14% to EUR 1,228 million. Within Personal lines, the Household book amounted to EUR 346 million, an increase of 24% while Motor inflows rose by 11% to EUR 635 million, driven strongly by a continued take-up in the broker market. Travel inflows rose slightly at EUR 70 million whilst inflows in Commercial, rose by 10% to EUR 178 million.

The **net result** after non-controlling interests over the year improved substantially to EUR 61 million, a result which included a EUR 12 million charge related to adverse weather conditions in the first quarter of 2011. In 2010, the net result amounted to EUR 21 million negative including EUR 49 million adverse weather related costs. The improved results are driven by a positive impact of consistent tariff increases, a positive result contribution of Tesco Underwriting and efficient, low cost operations.

The **combined ratio** in 2011, including Tesco Underwriting was 99.9% showing a marked improvement compared to 2010 (109.5%). On a like-for-like basis and excluding Tesco Underwriting, the combined ratio for Ageas Insurance was 98.8% a ten point improvement during the same period last year (108.8%). The prior year reserves have gone up by 2.5% in 2011 compared to a release of 1.1% in 2010. The Motor combined ratio for Ageas Insurance saw continued progress to 95.4% (105.4% 2010) and Household also improved to 97.0% (114.4%)

## Other Insurance

In 2011, Ageas further reinforced its Retail operations through the acquisition of Castle Cover in March 2011. At the end of 2011, Ageas Retail consisted of four entities : RIAS, Kwik Fit Financial Services (KFFS), Ageas Insurance Solutions (UKAIS) and Castle Cover. With its distribution combined, Ageas UK is now the 4<sup>th</sup> largest broker in the UK and n°2 in the fast growing over 50s insurance market.

The business performed well with total fee and commission **income** and other income up to EUR 272 million (+51% vs. last year). Growth continues to come from the inclusion of KFFS and Castle Cover, synergies between Castle Cover and RIAS, good performance from affinity partnerships and add-on income.

The **net profit** contribution increased to EUR 30 million, compared to EUR 13 million last year. The acquired entities, KFFS and Castle Cover, contributed EUR 8 million, including an amortisation cost on intangible assets of EUR 5 million. The net result in 2011 also included a charge of EUR 1 million related to acquisition costs and an amount of result related fees.

## Continental Europe

Income Statement - Life							
Continental Europe - Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Gross written premiums	761.5	1,748.3	( 56 %)	170.8	320.1	( 47 %)	164.1
Investment contracts without dpf	1,457.5	1,741.4	( 16 %)	356.9	379.1	( 6 %)	277.2
<b>Gross inflow Life</b>	<b>2,219.0</b>	<b>3,489.7</b>	<b>( 36 %)</b>	<b>527.7</b>	<b>699.2</b>	<b>( 25 %)</b>	<b>441.3</b>
Operating costs	( 107.3 )	( 124.6 )	( 14 %)	( 26.2 )	( 32.8 )	( 20 %)	( 26.7 )
<b>Technical result</b>	<b>( 16.9 )</b>	<b>129.0</b>	<b>*</b>	<b>5.4</b>	<b>62.4</b>	<b>( 91 %)</b>	<b>( 38.8 )</b>
Allocated capital gains	( 15.9 )	-	*	0.8	( 3.0 )	*	( 16.4 )
<b>Operating margin</b>	<b>( 32.8 )</b>	<b>129.0</b>	<b>*</b>	<b>6.2</b>	<b>59.4</b>	<b>( 90 %)</b>	<b>( 55.2 )</b>
Non-allocated other income and expenses	3.5	20.3	( 82 %)	( 7.5 )	4.1	*	7.9
<b>Result before taxation, consolidated entities</b>	<b>( 29.3 )</b>	<b>149.3</b>	<b>*</b>	<b>( 1.3 )</b>	<b>63.5</b>	<b>*</b>	<b>( 47.3 )</b>
<b>Result before taxation, associates</b>	<b>6.0</b>	<b>-</b>	<b>*</b>	<b>6.0</b>	<b>-</b>	<b>*</b>	<b>-</b>
Income tax expenses	( 0.5 )	( 45.6 )	( 99 %)	( 5.6 )	( 11.6 )	( 52 %)	12.9
Net result attributable to non-controlling interests	( 5.1 )	55.5	*	0.5	25.6	( 98 %)	( 17.1 )
<b>Net result attributable to shareholders</b>	<b>( 18.7 )</b>	<b>48.2</b>	<b>*</b>	<b>( 1.4 )</b>	<b>26.3</b>	<b>*</b>	<b>( 17.3 )</b>

Income Statement - Non-Life							
Continental Europe - Non-Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross written premiums Non-Life</b>	<b>453.1</b>	<b>443.5</b>	<b>2 %</b>	<b>124.5</b>	<b>118.0</b>	<b>6 %</b>	<b>97.2</b>
Operating costs	( 79.0 )	( 81.7 )	( 3 %)	( 20.1 )	( 27.4 )	( 27 %)	( 20.9 )
<b>Technical result</b>	<b>27.5</b>	<b>5.8</b>	<b>*</b>	<b>9.0</b>	<b>( 3.3 )</b>	<b>*</b>	<b>4.9</b>
Allocated capital gains	( 0.9 )	1.6	*	0.4	( 1.1 )	*	( 0.7 )
<b>Operating margin</b>	<b>26.6</b>	<b>7.4</b>	<b>*</b>	<b>9.4</b>	<b>( 4.4 )</b>	<b>*</b>	<b>4.2</b>
Non-allocated other income and expenses	0.1	0.5	( 90 %)	( 0.1 )	( 0.7 )	( 86 %)	0.1
<b>Result before taxation, consolidated entities</b>	<b>26.7</b>	<b>7.9</b>	<b>*</b>	<b>9.3</b>	<b>( 5.1 )</b>	<b>*</b>	<b>4.3</b>
<b>Result before taxation, associates</b>	<b>4.0</b>	<b>-</b>	<b>*</b>	<b>2.8</b>	<b>-</b>	<b>*</b>	<b>1.2</b>
Income tax expenses	( 9.5 )	( 3.2 )	*	( 3.6 )	0.9	*	( 1.4 )
Net result attributable to non-controlling interests	10.5	1.8	*	3.6	( 2.2 )	*	2.0
<b>Net result attributable to shareholders</b>	<b>10.7</b>	<b>2.9</b>	<b>*</b>	<b>4.9</b>	<b>( 2.0 )</b>	<b>*</b>	<b>2.1</b>

Income Statement							
Continental Europe - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross inflow</b>	<b>2,672.1</b>	<b>3,933.2</b>	<b>( 32 %)</b>	<b>652.2</b>	<b>817.2</b>	<b>( 20 %)</b>	<b>538.5</b>
Operating costs	( 186.3 )	( 206.3 )	( 10 %)	( 46.3 )	( 60.2 )	( 23 %)	( 47.6 )
<b>Net result attributable to shareholders</b>	<b>( 8.0 )</b>	<b>51.1</b>	<b>*</b>	<b>3.5</b>	<b>24.3</b>	<b>( 86 %)</b>	<b>( 15.2 )</b>

- **Inflows down to EUR 2.8 billion, hampered by overall challenging financial market conditions.**
  - Life inflows at EUR 2.2 billion, down 36%, but in line with general market trends
  - Non-Life inflows, including non-controlling partnership at 100%, at EUR 0.6 billion, up 42% thanks to the inclusion of the acquired Turkish Non-Life activities
- **Net profit after non-controlling interests down to EUR 8 million negative (vs. EUR 51 million positive)**
  - Financial market turmoil and de-risking of the investment portfolio, resulted in impairment charge on Greek sovereigns and equities (EUR 66 million) and limited realized capital losses
  - Solid Non-Life underwriting performance, reflected in a combined ratio of 96.8%
- **Commercial partnership with AKSigorta, Turkey on track**
  - Consolidated since August 2011; Inflow contribution year-to-date of EUR 177 million
  - Net profit contribution of EUR 4 million
  - Joint workgroups have been launched with active involvement from Ageas's experts
- **Further streamlining Insurance portfolio in the course of 2011**
  - Merger between Fortis Luxembourg Vie (FLV) and Cardif Lux International (CLI), closed end 2011.
  - Sale of German Life activities to Augur Capital, closing expected in first quarter

Continental Europe's diversified insurance portfolio has partly allowed it to resist the financial distress that engulfed the Euro zone. Nevertheless inflows declined by more than 30%, a trend in line with general market trends and competitor's performance. The net profit turned negative as a result of impairment charges, following the financial turmoil. The contribution of the Non-Life activities more than tripled among others as a result of the inclusion of the result of the acquired stake in AKSigorta, Turkey.

**Total gross consolidated inflows fell 32%**, especially in Life, suffering from strong competition from banking institutions and difficult market conditions, impacting especially the bank distribution channels across the various countries of Continental Europe. Total inflows in 2011, including non-consolidated partnerships at 100% ended at EUR 2.8 billion, 28% below last year's levels. Life inflows amounted to EUR 2.2 billion, -36% compared to last year and in line with market trends and with the evolutions perceived since the end of 2010. Non-Life inflows increased by 2% on a consolidated basis and despite a selective approach with an increased focus on profitable business. Including the non-consolidated partnership in Turkey at 100%, gross written premiums even increased 42% compared to last year.

**Operating costs** came down 10% compared to last year to EUR 186 million. On a like-for-like basis costs decreased by 3%, testimonial to the continued focus on cost containment.

**Net profit after non-controlling interests** turned negative to EUR 8 million (vs. EUR 51 million positive in 2010), including a net impairment charge related to Greek sovereigns and equities (after profit sharing and tax) of EUR 66 million of which EUR 16 million in the 4<sup>th</sup> quarter and impacting mainly the Life activities (EUR 19

million negative). The amount breaks down into EUR 43 million on sovereigns and EUR 23 million related to equities. The net result also included a net realized loss of EUR 8 million, following an additional de-risking of the investment portfolio. The net profit of the Non-Life activities increased to EUR 11 million, among others as a result of the inclusion of the acquired stake in AKSigorta, Turkey. Despite the additional impairment charge, the overall net result in the 4<sup>th</sup> quarter was positive at EUR 3.5 million.

## Life

Total gross **Life** inflows reached EUR 2.2 billion, a decline by 36% year on year. Disappointing performance on the financial markets affected sales in both savings and unit linked products. The unit-linked business however remains the largest business line, particularly in Portugal and Luxembourg and reached inflow levels of EUR 1.5 billion. In response to the volatile financial market conditions sales efforts were even more focused towards unit-linked and protection business products, with consequently sales of traditional savings products coming down to EUR 355 million (-73%).

In *Portugal* inflows amounted to EUR 1.1 billion (-38% vs. 2010), with inflows in the fourth quarter slightly up on the third quarter (+1%).

In *Luxembourg* inflows amounted to EUR 814 million (-37% vs. 2010), and in a market which came down globally by some 50%. Although the appetite for Freedom of Services (FOS) unit-linked products remained limited, a sales increase has been noticed in the last quarter compared to the previous quarters of 2011.

In *France*, inflows reached EUR 289 million (-23% vs. 2010). The disappearance of the distribution network Fortis Banque France, on top of a worsening market environment and uncertainties around the Life insurance tax regulation drove the decline in business volume.

Life **Funds under Management** on a like-for-like basis came down to EUR 13.7 billion (vs. EUR 15.2 billion on a like-for-like basis) following the impact of the declining financial markets and the above mentioned portfolio refocus towards unit-linked products and placing less emphasis on savings. Compared to 2010 Funds under Management came down from EUR 23.1 billion as a result of the deconsolidation of Fortis Luxembourg Vie following the merge with Cardif Luxembourg International and to a lesser extent because of the sale of the German Life activities. Funds under Management related to unit-linked business amounted to EUR 6.0 billion.

Life **operating margin** ended negative for the year at EUR 33 million, despite a return to positive in the fourth quarter (EUR 6 million). The negative variance is largely explained by the aforementioned impairment charges on Greek sovereign bonds and equities (EUR 140 million). In addition, fees from unit-linked business dropped as volumes fell while investment returns came down as a result of the further de-risking of the investment portfolio.

**Net profit after non-controlling interests** ended negative at EUR 19 million compared to EUR 48 million positive in 2010. The impact of the impairment charges related to Greek sovereign bonds and equities amounted to EUR 65 million.

## Non-Life

**Non-Life gross written premiums**, including the non-controlling partnership in Turkey at 100%, amounted to EUR 630 million, up 42%. On a consolidated basis gross written premiums rose 2% to EUR 453 million, with a solid performance in Accident & Health across all businesses. Accident & Health remains the largest business line representing 55% of the total gross written premiums, Motor, Fire and Other amounting respectively to 22%, 15% and 8%.

As of August 2011, gross written premiums of the acquired Non-Life stake in AKSigorta, *Turkey*, have been included and amounted to EUR 177 million. Inflows in Turkey can be broken down into Motor (56%), Health (10%) and Fire (14%).

In *Portugal*, gross written premiums increased 3% to EUR 237 million, primarily realised in the Healthcare business. The increase is driven among others by an increased focus of Millennium BCP, Ageas's local business partner on its Non-Life operations and this as a response to the widespread financial turmoil.

Gross written premiums in *Italy* amounted to EUR 216 million, slightly up on last year. 2011 has been marked by important efforts to increase the profitability of the portfolio.

The **operating margin** increased substantially to EUR 27 million from EUR 7 million. This is the result of a significantly improved operational performance reflected in a substantial decrease of the combined ratio, which came down by nearly 5 % to 96.8% (from 101.5% in 2010). The improvement can be attributed by a better claims experience in all countries, but especially in Italy and a further increased focus on cost containment.

**Operating costs** decreased to EUR 79 million (-3%), explained by a provision for early retirement in Portugal in 2010.

**Net profit after non-controlling interests** increased substantially to EUR 11 million versus EUR 3 million in 2010, reflecting the inclusion of AKSigorta (EUR 4 million) and the positive impact of the improved technical performance, with both Portugal and Italy contributing positively.

Ageas Continental Europe took an important step in expanding its Non-Life activities by acquiring a 31% stake in AKSigorta in February 2011. The transaction was closed in August and consolidated as an equity stake since that time. Together with the other main shareholder of AKSigorta, Haci Omer Sabanci Holding, Ageas decided in November to acquire 10% of the total outstanding shares of AKSigorta, to be equally divided among both shareholders and bringing Ageas's shareholdership in AKSigorta potentially to 36%. At the end of December, Ageas's stake amounted to 33%. AKSigorta performed excellently in 2011 illustrated by the improvement of its market position from n°4 to n°3 and a strong technical performance with an improved combined ratio of 99% (-4% vs. 2010). Since the closing of the transaction, Ageas Continental Europe has brought substantial expertise in the form of people and by introducing knowledge sharing workgroups. The aim of these workstreams is to exchange knowledge and expertise between the different Ageas entities and AKSigorta, and jointly develop action plans for the coming years. The initial focus of the workstreams was on profit optimisation in the Agency channel, developing the Bancassurance model and finally on claims management.

## Asia

Income Statement - Life							
Asia - Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Gross written premiums	239.4	232.9	3 %	69.2	63.5	9 %	63.2
Investment contracts without dpf	113.6	102.1	11 %	35.8	34.4	4 %	27.4
<b>Gross inflow Life</b>	<b>353.0</b>	<b>335.0</b>	<b>5 %</b>	<b>105.0</b>	<b>97.9</b>	<b>7 %</b>	<b>90.6</b>
Operating costs	(38.9)	(37.7)	3 %	(12.1)	(10.2)	19 %	(10.1)
<b>Technical result</b>	<b>15.9</b>	<b>8.7</b>	<b>82 %</b>	<b>(3.4)</b>	<b>(7.7)</b>	<b>(56 %)</b>	<b>5.0</b>
Allocated capital gains	2.6	40.9	(94 %)	0.1	3.2	(97 %)	-
<b>Operating margin</b>	<b>18.5</b>	<b>49.6</b>	<b>(63 %)</b>	<b>(3.3)</b>	<b>(4.5)</b>	<b>(27 %)</b>	<b>5.0</b>
Non-allocated other income and expenses	(111.9)	(8.1)	*	(102.8)	(2.4)	*	(4.0)
<b>Result before taxation, consolidated entities</b>	<b>(93.4)</b>	<b>41.5</b>	<b>*</b>	<b>(106.1)</b>	<b>(6.9)</b>	<b>*</b>	<b>1.0</b>
<b>Result before taxation, associates</b>	<b>23.7</b>	<b>45.1</b>	<b>(47 %)</b>	<b>(24.8)</b>	<b>14.9</b>	<b>*</b>	<b>13.9</b>
Income tax expenses	(2.6)	(1.6)	63 %	(0.7)	(0.7)	0 %	(0.7)
Net result attributable to non-controlling interests	-	-	*	-	-	*	-
<b>Net result attributable to shareholders</b>	<b>(72.3)</b>	<b>85.0</b>	<b>*</b>	<b>(131.6)</b>	<b>7.3</b>	<b>*</b>	<b>14.2</b>

Income Statement - Non-Life							
Asia - Non-Life - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross written premiums Non-Life</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>
Operating costs	-	-	*	-	-	*	-
<b>Technical result</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>
Allocated capital gains	-	-	*	-	-	*	-
<b>Operating margin</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>
Non-allocated other income and expenses	-	-	*	-	-	*	-
<b>Result before taxation, consolidated entities</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>-</b>
<b>Result before taxation, associates</b>	<b>8.2</b>	<b>8.5</b>	<b>(4 %)</b>	<b>(4.6)</b>	<b>0.1</b>	<b>*</b>	<b>4.2</b>
Income tax expenses	-	-	*	-	-	*	-
Net result attributable to non-controlling interests	-	-	*	-	-	*	-
<b>Net result attributable to shareholders</b>	<b>8.2</b>	<b>8.5</b>	<b>(4 %)</b>	<b>(4.6)</b>	<b>0.1</b>	<b>*</b>	<b>4.2</b>

Income Statement							
Asia - in EUR million	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Gross inflow</b>	<b>353.0</b>	<b>335.0</b>	<b>5 %</b>	<b>105.0</b>	<b>97.9</b>	<b>7 %</b>	<b>90.6</b>
Operating costs	(38.9)	(37.7)	3 %	(12.1)	(10.2)	19 %	(10.1)
<b>Net result attributable to shareholders</b>	<b>(64.1)</b>	<b>93.5</b>	<b>*</b>	<b>(136.2)</b>	<b>7.4</b>	<b>*</b>	<b>18.4</b>

- **Inflows at EUR 6.2 billion, up slightly from last year's record level (vs. EUR 6.1 billion in 2010)**
  - Life gross inflow at EUR 5.6 billion, with an increased portion of regular premium income
  - Non-Life Gross Written Premiums showed a solid growth of 18% to EUR 0.6 billion
- **Net profit at EUR 64 million negative (vs. EUR 94 million positive in 2010), held back by impairment charges**
  - Life net result after non-controlling interests at EUR 72 million negative, impacted by impairments on equities and the goodwill of the Hong Kong operations (AICA)
  - Non-Life net profit after non-controlling interests slightly down to EUR 8 million (vs. EUR 9 million in 2010) due to Thai floods
- **Ageas has celebrated the 10<sup>th</sup> anniversary of its presence in Malaysia and China**
  - In Malaysia, the partnership has over time expanded into a full-fledged multi-channel distribution platform with top tier positions in Life and Non-Life locally and a worldwide leadership in Islamic insurance
  - Taiping Life started as a greenfield operation and developed a national multi-channel distribution platform and is now China's 7<sup>th</sup> largest insurer.

Total **gross inflows** in 2011, including non-consolidated partnerships at 100%, recovered in the last quarter and reached EUR 6.2 billion, up slightly compared to last year. Taking into account the exceptional inflows from single premium campaigns in 2010 and given the climate of global financial uncertainty and regulatory change throughout the region, the commercial performance over the past year was satisfactory.

The **net result after non-controlling interests** ended the year at EUR 64 million negative, compared to EUR 94 million positive in 2010. The result was significantly impacted by a total impairment charge of EUR 155 million. This breaks down into EUR 56 million related to the equity investments and a goodwill impairment of EUR 99 million on the book value of AICA (Hong Kong). The goodwill impairment is a direct result of the low interest rate environment and its impact on the financial situation of our local activity since the 2<sup>nd</sup> half of 2011. Furthermore the 2011 net profit included a one-off capital gain of EUR 13 million related to the restructuring of activities in China. Net profit 2010 included an equity impairment of EUR 15 million and a net non-recurring result of EUR 25 million related to the sale of the Fortis Centre and a strengthening of reserves in Hong Kong.

In March of 2011, Ageas celebrated the 10<sup>th</sup> anniversary of its first partnership in Asian, with Maybank in Malaysia. The combination of Maybank's retail banking excellence and local banking know-how, together with Ageas' global bancassurance expertise, has resulted in one of the most successful bancassurance joint ventures in the region. Over the years, the partnership has further expanded into a full-fledged multi-channel distribution platform adding agency, brokers, alternate and direct, which resulted in a top tier position both in Life and Non-Life in Malaysia and a worldwide leadership in Takaful insurance products (Islamic Insurance).

In October, Ageas celebrated the 10<sup>th</sup> anniversary of its second partnership in Asia with China Taiping Group. Taiping Life started as a greenfield insurance joint venture between China Taiping Group and Ageas and has become China's 7<sup>th</sup> largest Life insurer, employing over 11,800 staff, distributing through a vast network of 47,000 agents and over 20,000 bank outlets of various partner banks, supported by more than 800 branches and sales outlets across China.

## Life

Total Life **gross inflows**, including non-consolidated partnerships at 100%, remained stable compared to 2010 at EUR 5.6 billion. 2010 inflows were significantly boosted by highly successful single premium campaigns through the bank channels in China and Malaysia, whereas the sales focus in 2011 was directed towards regular premium products. Total regular premium inflows accounted for 71% of total gross inflows (vs. 58% in 2010), and increased to EUR 4.0 billion. Renewal premiums increased 39% to EUR 2.9 billion following outstanding production levels in 2010 and the increasingly good persistency ratios across the region. Throughout the financial turmoil in the second half of the year, the regulatory changes in several Asian markets and the natural disaster in Thailand, gross inflows in the region have shown remarkable resilience.

Gross inflows of the consolidated operations in **Hong Kong** reached EUR 353 million, 5% up on last year. New business grew strongly (17%), driven by improved productivity in the agency channel, as well as growing sales volumes in the emerging IFA channel.

In **China**, gross inflows this year were 4% below the levels of last year at EUR 3.6 billion. Over 2010 Ageas's partnership with China Taiping realized extraordinary growth in inflows from a single premium campaign in the banking channel and a new regular

premium product launched via the agency channel. Following last year's modifications to banking regulations in China, which impacted the bancassurance distribution model, production through this channel suffered. Moreover, monetary tightening in the wake of inflationary pressure has resulted in several banks focusing more on managing their liquidity and balance sheet. Furthermore, the bank channel continued its focus on selling higher-margin products. As a consequence, single premium production declined 42% to EUR 988 million. The solid performance of the agency channel in terms of new business sales and the very good persistency experience in both channels, on the other hand, led to a strong growth in regular premium income, up 30% to EUR 2.6 billion, in line with the trend in previous quarters.

In **Thailand** inflows continued on a strong growth trajectory, +27% to EUR 907 million, with both new business premiums and renewal premiums up significantly. Building on 2010's extraordinary growth in bancassurance, Kasikornbank's new business premiums again rose to new record highs, up by 24% to EUR 296 million, mainly through single premium products linked to mortgage and consumer loans. The agency channel strongly increased new business premiums to EUR 82 million, up 41%. Renewals were also significantly up to EUR 510 million, +29%. The company was well prepared to deal with the very serious floods in the last quarter of the year and as a consequence the sales impact of this natural disaster was limited.

Inflows in **Malaysia** fell 13% to EUR 622 million. Similar to China, the banks' focus this year has been more on growing deposits. As a consequence single premiums declined to EUR 366 million (-22%), still representing 59% of total inflows (vs. 66% in 2010). Regular premiums were up 4% to EUR 256 million.

IDBI Federal Life Insurance Company in **India** recorded gross inflows of EUR 116 million, 11% down compared to last year. The decrease originated entirely from new business premiums, which were down to EUR 53 million. The decrease in new business was in line with the market, following regulatory changes on the sales of unit linked and pension products. Renewal premiums were up 23% to EUR 63 million.

**Funds under management** in the consolidated operations increased 12% to EUR 1.6 billion compared to the end of 2010, including the non-consolidated partnerships, Funds under management increased 18% to EUR 20.0 billion.

The **net result** after non-controlling interests amounted to EUR 72 million negative, compared to EUR 85 million positive last year.

The **consolidated operations** in Hong Kong reported a **net loss** of EUR 84 million negative compared to EUR 50 million positive in 2010. The result included the aforementioned goodwill impairment of EUR 99 million. In 2010 the net result included a capital gain of EUR 35 million related to the sale of the Fortis Centre in Hong Kong and an exceptional charge of EUR 9.5 million due to a strengthening of the reserves. The underlying net profit decrease in 2011 was the result of new business strain following strong sales, and exchange rate effects.

The **non-consolidated partnerships** reported a net profit of EUR 24 million, compared to EUR 45 million last year (-47%). Similar to the consolidated activities, the result was impacted by a number of non-recurring items : the 2011 net result included a net capital gain of EUR 13 million resulting from the restructuring of the activities in China: as agreed with its partner China Taiping Group, Ageas divested its stake in Taiping Pension, while it decided simultaneously to increase its direct stake in Taiping Asset Management (from 8% to 20%). An additional capital gain of EUR 7 million resulting from this transaction was reported in the General Account. Furthermore, equity impairments further increased in the second half of the year to EUR 56 million following further declining financial markets and compared to a EUR 14 million charge in 2010 for similar reasons. Without the effect of the impairments, the underlying result of the partnerships evolved positively.

**Other regional costs** and income for the year amounted to EUR 12 million negative compared to EUR 10 million negative last year.

## Non-Life

Non-Life **gross written premiums** – at 100% and entirely attributable to the non-consolidated partnerships in Malaysia and Thailand – increased strongly (18%) to EUR 607 million. Both partnerships performed well across all lines. Gross written premiums amounted to EUR 478 million (+18%) in Malaysia and EUR 129 million (+16%) in Thailand respectively. Similar to the Life company, the Thai Non-Life company was well prepared to deal with the very serious floods in the last quarter of the year and as a consequence the impact of this natural disaster on sales and services was limited.

**Net profit** after non-controlling interests amounted to EUR 8 million, compared to EUR 9 million last year. The consolidated combined ratio increased to 102.0% (vs. 95.4% in 2010) predominantly due to the estimated impact from the exceptional Thai monsoon floods (EUR 3.5 million). The 2011 net result was supported by non-recurring tax recoveries in Malaysia (EUR 3 million).

## General Account

Income Statement							
<i>in EUR million</i>	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
Net interest Income	26.3	( 15.6 )	*	35.4	( 5.2 )	*	( 2.9 )
Net fee and commission income	( 0.5 )	( 1.1 )	( 56 %)	0.1	( 1.0 )	*	0.2
Insurance premiums (net)	( 1.4 )	( 0.2 )	*	( 0.2 )	( 0.5 )	( 60 %)	( 0.4 )
Dividend income from investments	0.3	0.2	39 %	-	-	*	-
Unrealised gain (loss) on Call option BNP Paribas shares	( 214.0 )	( 271.0 )	( 21 %)	33.8	( 227.0 )	*	( 332.8 )
Unrealised gain (loss) on RPN(I)	275.0	( 149.0 )	*	( 45.0 )	31.0	*	438.0
Result on sales and revaluations	( 176.0 )	4.5	*	26.0	4.5	*	( 201.7 )
Share of result of associates	( 196.2 )	127.3	*	( 56.9 )	( 56.1 )	1 %	( 83.9 )
Other income	( 2.0 )	2.5	*	6.1	9.5	( 36 %)	( 2.6 )
<b>Total income</b>	<b>( 288.5 )</b>	<b>( 302.3 )</b>	<b>( 5 %)</b>	<b>( 0.7 )</b>	<b>( 244.6 )</b>	<b>( 100 %)</b>	<b>( 186.1 )</b>
Change in impairments and provisions	( 9.5 )	0.6	*	( 9.3 )	0.1	*	40.0
Net revenues	<b>( 298.0 )</b>	<b>( 301.7 )</b>	<b>( 1 %)</b>	<b>( 10.0 )</b>	<b>( 244.5 )</b>	<b>( 96 %)</b>	<b>( 146.1 )</b>
- Liability related to MCS conversion		( 202.8 )			( 202.8 )		
- Claim on ABN AMRO		2,000.0			2,000.0		
- Reversal of impairment FCC claim		362.5			362.5		
- Provision for legal disputes with Dutch State		( 2,362.5 )			( 2,362.5 )		
Total impact MCS conversion and Dutch State issues		( 202.8 )			( 202.8 )		
Staff expenses	( 19.6 )	( 20.9 )	( 6 %)	( 4.2 )	( 7.3 )	( 42 %)	( 3.3 )
Insurance claims and benefits (net)	2.2	1.7	28 %	0.1	( 0.2 )	*	( 0.1 )
Depreciation, amortisation and other expenses	( 2.8 )	( 1.6 )	72 %	( 0.5 )	( 0.3 )	67 %	( 1.9 )
Other operating and administrative expenses	( 35.2 )	( 37.7 )	( 7 %)	( 13.3 )	( 10.7 )	24 %	( 3.8 )
<b>Total expenses</b>	<b>( 55.4 )</b>	<b>( 261.3 )</b>	<b>( 79 %)</b>	<b>( 17.9 )</b>	<b>( 221.3 )</b>	<b>( 92 %)</b>	<b>( 9.1 )</b>
<b>Result before taxation</b>	<b>( 353.4 )</b>	<b>( 563.0 )</b>	<b>( 37 %)</b>	<b>( 27.9 )</b>	<b>( 465.8 )</b>	<b>( 94 %)</b>	<b>( 155.2 )</b>
Income tax expenses	86.9	393.3	( 78 %)	87.1	( 13.8 )	*	( 0.2 )
<b>Net result for the period</b>	<b>( 266.5 )</b>	<b>( 169.7 )</b>	<b>57 %</b>	<b>59.2</b>	<b>( 479.6 )</b>	<b>*</b>	<b>( 155.4 )</b>
Net result attributable to non-controlling interests	( 1.4 )	( 1.5 )	( 7 %)	( 0.7 )	0.5	*	( 0.1 )
<b>Net result attributable to shareholders</b>	<b>( 265.1 )</b>	<b>( 168.2 )</b>	<b>58 %</b>	<b>59.9</b>	<b>( 480.1 )</b>	<b>*</b>	<b>( 155.3 )</b>

Balance Sheet (main items)							
<i>in EUR million</i>	31 Dec 11	31 Dec 10	Change	30 Sep 11			
RPN(I)	( 190.0 )	( 465.0 )	59 %				
Call Option BNP Paribas shares	395.0	609.0	( 35 %)				
Royal Park Investments	779.3	933.2	( 16 %)				
Tier 1 debt securities	793.5	-	*				

- General Account **loss** of EUR 265 million driven by a net impact of EUR 215 million related to legacies
- Fair value of RPN(I) liability at EUR 190 million, down EUR 275 million on last year
- Value call option on BNP Paribas shares at EUR 395 million, down EUR 214 million on last year
- Royal Park Investments equity value as per 31 December at EUR 779 million
- Fortis Tier 1 Debt Securities acquired at EUR 953 million, fair value as per 31 December at EUR 794 million

The **General Account** result of EUR 265 million negative was mainly driven by the valuation of the legacy issues. Aside from the traditional four legacy items, RPN(I), Royal Park Investments, the value of the BNP call option and the Fortis Bank Tier 1 Debt Securities, which had a combined negative impact of EUR 271 million, the General Account net result was positively impacted by a EUR 56 million non-recurring tax windfall bringing the total negative impact of the legacy items to EUR 215 million.

End 2011 the fair value of the **RPN(I) liability** came down to EUR 190 million (vs. EUR 465 million end 2010). The positive impact of EUR 275 million is mainly explained by the drop of the market value of the CASHES financial instrument from 50.2% to 35.4%. The total combined interest payment to Fortis Bank and the Belgian State amounted to EUR 15 million.

Compared to year end 2010 the value of the **BNP Paribas option** declined by EUR 214 million, mainly because of a decrease of the BNP Paribas' share price from EUR 47.685 to EUR 30.35 and the lower time value. This negative variance was only partially mitigated by a substantial higher volatility assumption, going up from 33% to 49%.

The full year 2011 result of **RPI** at 100% and before a goodwill impairment test amounted to EUR 144 million. Based on the review of the expected business end of June, a value in use of the total business was calculated resulting in an impairment on goodwill of EUR 586 million leading to a net loss under IFRS, including impairment of goodwill, at 100%, of EUR 441 million (Ageas's share EUR 197 million negative). In addition, a number of new swaps were concluded. At year end the hedge reserve including the realised gains amounted to EUR 190 million after tax, an increase of EUR 96 million at 100% (Ageas's share at EUR 43 million). As a result of both elements, Ageas's equity investment in RPI decreased EUR 154 million (i.e EUR 197 million negative result partially compensated by EUR 43 million increase in hedge reserves that flow through equity) from EUR 933 million end 2010 to EUR 779 million.

The **Fortis Bank Tier 1 Debt Securities**, have been acquired at EUR 953 million and recognised in the third quarter at EUR 762 million (80%). End of December, EUR 32 million of the discount has been unwound and recognized as interest income in the 4<sup>th</sup> quarter, bringing the full year negative impact to EUR 159 million. This was partly offset by the positive impact of the first coupon payment (EUR 10 million) and positive deferred tax impact (EUR 28 million) leading to total negative impact of EUR 121 million.

In the 4<sup>th</sup> quarter the net result of the General Account amounted to EUR 60 million positive. This mainly related to the higher mentioned EUR 56 million non-recurring tax windfall as the fair value adjustments with respect to the other legacy issues nearly compensated each other.

Lastly, the agreement reached with Fortis Bank end of January 2012, regarding a solution for the Tier 1 Debt Securities and the RPN(I), following a successful tender by BNP Paribas on the CASHES financial instrument, will have a net impact on the cash position of EUR 666 million and an accounting impact consisting of EUR 147 million negative broken down into a EUR 131 million positive related to the Fortis Bank Tier 1 Debt Securities, EUR 299 million net loss related to the indemnifications and EUR 21 million related to the pro rata release of the RPN(I) liability. The total net impact will be accounted in the first quarter of 2012.

## RPN(I)

### Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopted a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At 31 December 2011 the fair value of the RPN(I) liability amounted to EUR 190 million (vs. EUR 465 million end 2010) of which EUR 164 million related to the RPN(I) liability and EUR 26 million related to the guarantee arrangements between Ageas, the Belgium State and Fortis Bank.

Compared to end of September 2011 (EUR 145 million), this is a negative impact on result of EUR 45 million which can be broken down as (i) EUR 37 million reflecting the decrease in the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) an additional liability decrease of EUR 8 million related to the guarantee agreement.

The increase in fair value since September 2011 is due to (i) an increase of the reference amount between 30 September 2011 and 31 December 2011, mainly because the CASHES financial instrument raise from 33.2% to 35.42% while the Ageas share fell from 1.31 EUR to 1.20 EUR (increase of EUR 51 million), (ii) higher spreads (+72bps for Ageas spread) on perpetual debt instruments (decrease of EUR 19 million) (iii) different market conditions, including yield curve movements (increase of EUR 13 million).

### Reference values

On 31 December 2011, the CASHES instrument closed at 35.42 % and the Ageas's share price at EUR 1.20. This resulted in a decrease of the reference amount's (the so called Relative Performance Note or RPN accounted at Fortis Bank) absolute value to EUR 262 million negative, from EUR 182 million negative on 30 September 2011.

On 31 December 2011, the 3-month EURIBOR interest rate stood at 1.36 %. The total interest payment to Fortis Bank over the year 2011 amounted to approximately EUR 10 million. The total amount paid to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 5 million.

### Assumptions and sensitivities

See the 2011 Consolidated Annual Financial Statements

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

Ageas consistently applies a valuation methodology based on the Black-Scholes model option valuation techniques. As of 31 December 2011, the estimated value of the 121.2 million BNP Paribas options amounts to EUR 395 million, compared to EUR 609 million at year end 2010 and EUR 361 million end of September.

Compared to year end 2010 the value of the BNP Paribas option declined with EUR 214 million, mainly because of the BNP Paribas share price decrease from EUR 47.685 to EUR 30.35 and the time value lost. This was only partially mitigated by a substantial higher volatility assumption that rose from 33% to 49%.

Compared to the end of September the value of the BNP Paribas options increased with EUR 34 million. The slight increase in share price from EUR 30.05 to 30.35 and the lower market consensus on the dividend assumption (a drop from 8.76% to 5.98%) were the main drivers for this increase,

The following table provides an overview of the main parameters used to value the option :

	31 Dec 2011	30 Sep 2011	31 Dec 2010
BNP Paribas share price	EUR 30.35	EUR 30.05	EUR 47.685
Strike price	EUR 66.672	EUR 66.672	EUR 66.672
Volatility	49%	49%	33%
Dividend yield	5.98%	8.76%	5.29%
Price per option up to 10 October 2016	EUR 4.660	EUR 4.260	EUR 7.180
Theoretical value of 121.2 million options	EUR 565 million	EUR 516 million	EUR 870 million
<b>Estimated value, after adjustment for non standard features (30%)</b>	<b>EUR 395 million</b>	<b>EUR 361 million</b>	<b>EUR 609 million</b>

### Sensitivities

The applied volatility and the dividend yield assumptions have a significant influence on the value of the options. If the implied volatility is lowered by 5% the value of the BNP Paribas option decreases by 23.6% , while a 5% increase of the implied volatility leads to a value increase of 24.5% . If the dividend yield assumption is adjusted 1% down the value of the BNP Paribas option increases by 2.8%, while a 1% increase of dividend leads to a decrease of 1.1%.

## Royal Park Investments (RPI)

The 2011 result of RPI at 100% and before a goodwill impairment test amounted to EUR 144 million positive (vs. EUR 651 million in 2010). This decrease is primarily driven by lower marked-to-market revaluations of the investment portfolio and lower interest income due to, especially in the 4<sup>th</sup> quarter, higher funding costs related to the difficult US dollar Commercial Paper market.

At the end of each quarter RPI performs an impairment test on the goodwill recognised under IFRS. Since all proceeds received are used to redeem the funding, and no new business has been generated, the goodwill needs to be impaired over the expected maturity of the portfolio. Based on the review of the expected business in the second quarter, a value in use of the total business was calculated, resulting in a goodwill impairment of EUR 586 million. The review at year end resulted in a higher value in use compared to 30 June and 30 September 2011 respectively.

Consequently, no additional goodwill impairment took place at year end. As a result, RPI's net profit under IFRS at 100%, including impairment of goodwill, amounted to EUR 441 million negative (Ageas's share EUR 197 million negative).

In addition, RPI concluded a number of interest rate swaps, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps whereby all fair value movements flow through equity. During the 4<sup>th</sup> quarter a number of swaps was sold resulting in a realised gain of some EUR 193 million. Since hedge accounting was applied, this positive result has not been accounted via the income statement but directly through shareholder's equity and will be amortised over the coming years. In addition, a number of new swaps were concluded. At year end the hedge reserve including the realised gains amounted to EUR 190 million after tax, an increase of EUR 96 million at 100% (Ageas's share at EUR 43 million).

As a result of both elements, Ageas's equity investment in RPI decreased EUR 154 million (i.e EUR 197 million negative result partially compensated by EUR 43 million increase in hedge reserves that flow through equity) from EUR 933 million end 2010 to EUR 779 million.

Hereafter an update of RPI's balance sheet under IFRS as per 31 December 2011 :

<i>in EUR million</i>	IFRS 31 December 2011	IFRS 31 December 2010
<b>Assets</b>		
Securities	6,043	7,005
Deferred tax assets	712	681
Goodwill	782	1,367
Other assets	201	264
<b>Total Assets</b>	<b>7,738</b>	<b>9,317</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Other liabilities	35	86
Commercial paper	4,792	4,585
Funding, super senior	649	2,040
Funding, senior	519	519
<b>Total Liabilities</b>	<b>5,995</b>	<b>7,230</b>
<b>Shareholders' equity</b>		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Hedging reserve	123	
Cash Flow hedge reserves	67	94
Retained earnings	( 148 )	294
<b>Total shareholders' equity</b>	<b>1,743</b>	<b>2,087</b>
<b>Total Liabilities and shareholders' equity</b>	<b>7,738</b>	<b>9,317</b>

At the end of December 2011, the fair value of the loan portfolio and the remaining outstanding debt came down to EUR 6.0 billion. Total net interest payments and principal collections in 2011 amounted to EUR 156 million and EUR 1.2 billion respectively.

For more information on RPI and its assets, please refer to [www.royalparkinvestments.com](http://www.royalparkinvestments.com).

### Fortis Bank Tier 1 Debt Securities

Following the decision from Fortis Bank not to call the Tier 1 Debt Securities and the approval received from the National Bank of Belgium to acquire these securities, the **Fortis Bank Tier 1 Debt Securities** were acquired and recorded as *'Loans and Receivables'* in the third quarter of 2011 at 80% of the par value. The difference between the original acquisition price (EUR 953 million) and the amount of first recognition (EUR 762 million or 80%) was recorded as a loss in the 3<sup>rd</sup> quarter under *'Results on sales and revaluations'*. Part of this difference was reversed in the 4<sup>th</sup> quarter via the effective interest method, and positively impacting the net interest income with EUR 32 million. In addition, a deferred tax asset amounting to EUR 28 million was recognised at year end. Lastly, a first coupon payment of EUR 10 million was recorded in the fourth quarter. The full year 2011 negative impact from the Fortis Tier 1 Debt Securities therefore amounted to EUR 121

million. Following the transaction agreed upon with BNP Paribas end of January 2012, BNP Paribas will redeem the Tier 1 Debt Securities at par (EUR 953 million) on 26 March 2012.

### Liability related to written put option

In the Consolidated Financial Statements of 2008, Ageas disclosed that on 12 March 2009 an agreement was concluded on the sale of 25% + 1 share of AG Insurance Belgium to Fortis Bank for an amount of EUR 1,375 million. As part of this transaction Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance Belgium in the six-month period starting January 1, 2018 to Ageas at fair value. In consultation with our external auditors, the exact terms and conditions related to the exercise of the put option have been subject to a review. As a consequence and in accordance with IAS 32, Ageas has recognized a financial liability against the present value of the estimated exercise price in 2018 of the put option. The figures for 2010 have been restated for comparison reasons.

### Valuation

The liability is valued at the fair value of the consideration to be paid on settlement. This is 25% of the fair value of AG Insurance in 2018. There are no market indicators for such a value, therefore Ageas used a level three valuation method based on:

- Current market multiples for insurance companies
- A growth in value of 5% based on an expected rate of return of 10%, and a 50% dividend pay-out
- A discount rate of 10%

Based on these parameters the net present value of the liability as at 31 December 2011 is EUR 656 million.

The counterpart of this liability is a write down of the value of the Non-Controlling Interest underlying the option. The positive difference between the value of the Non-Controlling Interest and the fair value of the liability is added to the 'Other reserves' which are included in Shareholders' equity.

The impact on shareholders equity is limited to EUR 138 million positive in total broken down in a positive impact of EUR 175 million positive in 2010 partially mitigated by a EUR 36 million negative impact in 2011.

### Other items General

**Net interest income** amounted to EUR 26 million positive versus a EUR 16 million negative last year. Net interest income is the difference between the interest income received on the deposits, the bank accounts, loans to group companies and the Fortis Bank Tier 1 Debt Securities, off set by the interest payments on the RPN(I), the EMTN program and the FRESH. The reduction of the European Medium Term Notes (EMTN) programme from EUR 549 million last year to EUR 257 million end 2011 had a favourable impact on the interest cost. The EUR 35 million 4<sup>th</sup> quarter net interest income was also positively influenced by the EUR 42 million interest income on the Fortis Bank Tier 1 Debt Securities, as explained supra.

**Results on sales and revaluations** amounted to EUR 176 million negative, compared to breakeven in the same period last year. The loss mainly related to the EUR 190 million charge, accounted on the acquired Fortis Bank Tier 1 Debt Securities. The result also included a charge of EUR 14 million on the sale of the German Life activities to Augur Capital and a positive result on the transfer on the winding down of the investment portfolio of Intreinco, the former reinsurance captive of the Fortis Group, and following the transfer of activities to Swiss Re.

The 4<sup>th</sup> quarter result included a EUR 30 million positive result on the Fortis Luxembourg Vie and Cardif Lux International merger, announced in June 2011 and a capital gain of EUR 7 million from the restructuring of the activities in China. As agreed with its co-shareholder China Taiping Group, Ageas divested its stake in Taiping Pension, while it decided simultaneously to increase its direct stake in Taiping Asset Management (from 8% to 20%).

Besides that, in the course of the 4<sup>th</sup> quarter, additional steps were taken to further simplify the Ageas's legal structure. Two Luxembourg entities - Ageasinvestlux S.A. and FGF Lux S.A – were liquidated and any left over assets and liabilities have been transferred to ageas SA/NV.

**Total expenses** are down EUR 206 million to EUR 55 million, mainly because last year's total expenses included a net non-cash charge of EUR 203 million related to the conversion of the Mandatory Convertible Securities (MCS).

The 2011 net result was also supported by a favourable evolution of the **tax expenses** following a EUR 56 million one-off tax settlement and the recognition of a EUR 28 million deferred tax asset on the Fortis Bank Tier 1 Debt Securities. Both elements combined had a positive EUR 84 million tax impact while previous year's result was driven by the positive impact of the recognition of deferred tax assets for an amount of EUR 403 million following the liquidation of Brussels Liquidation Holding.

**Net profit attributable to shareholders** of the General Account amounted to EUR 265 million negative compared to a net negative result of EUR 168 million last year.

### Contingent liabilities

Please refer to the "2011 Consolidated Annual Financial Statements" as per 31 December 2011 for the entire section of "Contingent liabilities related to the legal proceedings". The Consolidated Annual Financial Statements will be made public as per 14 March 2012. Since the publication of the "Consolidated Interim Financial Statements for the first nine months of 2011" (see note 28.1) on 9 November 2011, Ageas reported the publication of the final conclusions of the Belgian experts assigned on request of Deminor to investigate the split up of the former Fortis' Group on 18 November 2011.

In February 2012, two judgements were rendered, one by the Rotterdam Court confirming an AFM decision relating to the Fortis' communication on its subprime position in September 2007 and one by the Utrecht court on the dissemination of misleading information in May-June 2008. Ageas will appeal both judgments.

### Net Cash position

The net cash position of the General Account on 31 December 2011, including EUR 600 million invested in short term bank deposits and assuming full redemption of the outstanding amount of European Medium Term Notes (EMTN) programme (EUR 257 million), came down from EUR 2.2 billion end 2010 to EUR 0.7 billion. The positive impact of the transaction with BNP Paribas, to be settled end of March 2012, will positively influence the net cash position by EUR 0.7 billion.

The decrease of the net cash position since the start of the year can mainly be explained by the EUR 953 million cash payment for the acquisition of the Fortis Tier 1 Debt Securities, the acquisition of AKSigorta and Castle Cover, the amount spend to the share buy-back programme, launched in August 2011 (EUR 0.2 billion) and the 2010 dividend payment, the latter specifically in the first half.

<i>in EUR million</i>	31 Dec 11	30 Sept 11	31 Dec 10
Cash and cash equivalents	345	337	2,259
Due from banks short term	600	750	500
Due to banks short term	--	-	-
Debt certificates	( 257 )	( 260 )	( 549 )
<b>Net cash position</b>	<b>688</b>	<b>827</b>	<b>2,210</b>
Due from customers	1,136	1,139	1,228
Due from banks long term	1,754	1,699	942
Due to banks long term	--	-	-
Subordinated liabilities	( 2,980 )	( 2,957 )	( 2,961 )
Other borrowings	( 79 )	( 87 )	( 100 )
<b>Receivable on balance</b>	<b>( 169 )</b>	<b>( 206 )</b>	<b>( 891 )</b>
Accruals and other	1,086	1,261	1,174
Written put option	( 656 )	( 740 )	( 703 )
<b>Equity General Account</b>	<b>949</b>	<b>1,142</b>	<b>1,790</b>

## Investment portfolio and capital position

### Investment portfolio

Ageas's investment portfolio at the end of December amounted to EUR 59.3 billion compared to EUR 59.8 billion end 2010. The slight decrease can largely be explained by the consolidation scope changes relating to Fortis Luxembourg Vie (merger with Cardif Lux International) (EUR 0.5 billion) and the reclassification of Ageas Deutschland (sale to Augur Capital) to assets 'held for sale'.

The table below provides a breakdown of Ageas's investment portfolio. All assets are at fair value except for the 'Held to Maturity' assets which are valued at amortized cost. As per 31 December 2011, the latter amounted to EUR 5.1 billion of which EUR 0.7 billion of Portuguese sovereign and corporate bonds, and EUR 4.4 billion Belgian sovereigns, reclassified in the course of 2011.

Investment portfolio plus real estate	in EUR billion			as %		
	31 Dec 11	30 Sept 11	31 Dec 10	31 Dec 11	30 Sept 11	31 Dec 10
Fixed Income securities	53.2	53.5	53.6	90%	90%	90%
- Government debt securities HTM	4.9	0.5	-	8%	1%	0%
- Government debt securities AFS	26.6	32.5	32.3	45%	54%	54%
- Corporate debt securities HTM	0.2	-	-	0%	0%	0%
- Corporate debt securities AFS	21.1	20.1	20.9	36%	34%	35%
- Structured credit instruments	0.4	0.4	0.4	1%	1%	1%
Equity securities	1.8	1.7	2.3	3%	3%	4%
Real estate investment property	2.8	2.8	2.5	5%	5%	4%
Real estate for own use	1.5	1.5	1.4	2%	2%	2%
<b>Total</b>	<b>59.3</b>	<b>59.5</b>	<b>59.8</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Ageas decided in the fourth quarter to further adjust its remaining position in Greek bonds to the prevailing market prices end 2011 resulting in a gross impairment (i.e. before tax and profit sharing) of EUR 1.3 billion. The remaining Greek bonds are held as per 31 December 2011 at a fair value of EUR 354 million (EUR 265 million after non-controlling interests), corresponding to an average of 23% of their historical/amortized cost.

The equities portfolio has come down from EUR 2.3 billion end of last year to EUR 1.8 billion. This is explained by divestments, impairments and the impact of a lower fair value following the global decline of financial markets. Equities still represent 3% of the asset mix and remained overall stable compared to end 2010 with fixed income securities representing 90%. 95% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

At the end of December total unrealized gains and losses on the total investment portfolio amounted to EUR 1.8 billion positive compared to EUR 1.0 billion positive at the end of 2010, mainly as a result of the positive evolution of real estate (EUR 0.2 billion) and fixed income securities (EUR 0.6 billion). The latter was mainly supported by the positive impact from the higher mentioned impairments on Greek sovereigns (EUR 1.3 billion).

### Fixed income portfolio

Investments in government bonds (Available for Sale and Held to Maturity) at fair value decreased slightly with EUR 0.7 billion to EUR 31.5 billion compared to end 2010. Divestments of Southern European and German bonds were primarily reinvested in Belgian bonds and to a lesser extent into Dutch and French government bonds. Irish bond holdings reduced by EUR 0.1 billion over the year to EUR 0.4 bn.

The total gross sovereign exposure to Southern European countries ('Available for Sale' and 'Held to Maturity') as at 31 December 2011 at amortized cost and including impairments came down from EUR 8.9 billion end 2010 to EUR 4.5 billion. The total net exposure, taking into account non-controlling interests, on Southern European countries at amortized cost, including the impairment charges on Greece, amounted to EUR 3 billion as at 31 December 2011.

Total unrealised gains on the total 'available for sale' bond portfolio amounted to EUR 600 million positive, compared to EUR 59 million negative at the end of 2010. The latter was mainly supported by the positive impact from the higher mentioned impairments on Greek sovereigns.

Unrealized gains on corporate bonds amount to EUR 432 million relatively stable compared to the EUR 486 million at end of 2010. The quality of the corporate bond portfolio remains very high with 95% of the corporate bond portfolio investment grade out of which 83% is rated A or higher.

#### Equities portfolio

The equities investments at fair value decreased from EUR 2.3 billion end of 2010 to EUR 1.8 billion end of December. Gross unrealized gains came down to nearly breakeven, a negative variance of EUR 140 million compared to end 2010. Equities still accounted for about 3% of the investment portfolio, down 1% since the beginning of the year.

#### Real estate portfolio

Ageas's real estate portfolio at fair value increased from EUR 3.9 billion end 2010 to EUR 4.3 billion including unrealized gains and at EUR 3.0 billion at amortized cost the latter broken down into EUR 2.0 billion in investment property and EUR 1.0 billion in buildings for own use. Gross unrealized capital gains increased by EUR 0.3 billion to EUR 1.2 billion end of December due to an alignment of the valuation methodology to market practices. Unrealized gains are not reflected in net equity, as real estate exposure is booked at amortised cost.

## Capital position

Ageas decided to report as of the 3<sup>rd</sup> quarter, the solvency calculation, based on the regulatory view. As at 31 December 2011, total available regulatory capital under IFRS amounted to EUR 8.6 billion compared to EUR 9.9 billion at the end of 2010 and EUR 9.2 billion end of June 2011. The solvency excess amounts to EUR 4.9 billion, corresponding to a Group Solvency ratio of 237% vs. 282% end 2010 and includes a 18% decrease due to the exclusion of the valuation of the put option related to the 25%+1 share of AG Insurance Belgium, held by Fortis Bank. Total available capital of the Insurance activities amounted to EUR 7.5 billion, with minimum solvency requirements amounting to EUR 3.6 billion. Compared to the end of December 2010, the Insurance solvency ratio went down from 232% to 207%. The decrease reflects the lower amount of available capital following the negative Insurance result including impairments and higher minimum solvency requirements, following the growth in Non-Life across all segments and higher Funds under Management in Life Belgium. The solvency ratio in the business segments came somewhat down in all segments but remained solid at 174% in Belgium, 234% in the UK, 172% in Continental Europe and 292% in Asia. The Group available regulatory capital includes an amount of EUR 1.1 billion related to the General Account.

For more details on the key capital indicators by segment see annex 5 (pg. 35)

### Statutory auditor's note on the consolidated financial information of 2011

The statutory auditors, KPMG Bedrijfsrevisoren–Réviseurs d'Entreprises, represented by M. Lange, and KPMG Accountants N.V., represented by W.G. Bakker, have confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting data included in the Company's annual announcement.

### Management responsibility statement

The Board hereby certifies that, to the best of their knowledge, the Consolidated Financial information prepared on the basis of the recognition and measurement principles of International Financial Reporting Standards, as adopted by the European Union, and resulting directly from the complete set of IFRS consolidated financial statements, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in 2011. The commentary on page 1 to 28 offers in their view a fair and balanced view of the overall development and performance of the business and the position of the Group.

### Analyst & Investor conference call :

**20 February 2012 at 09.30 CET (08.30 UK time)**

Audiocast: [www.ageas.com](http://www.ageas.com)

Listen only (Access code 467843#):

+ 44 207 750 9926 (United Kingdom)

+ 32 2 400 25 25 (Belgium)

+ 1 914 885 0779 (US)

Replay: available until

20 March 2012 (Access Code: 383984#)

+ 32 2 401 89 89 (Belgium)

Lines will be open ten minutes before the presentation starts, so please dial in five to ten minutes in advance.

**A press conference has been foreseen at 12:00 CET**

## Disclaimer

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

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

## Annexes

Please note that the historical segment information and key performance indicators by segment have been removed from the press release. They have been added to the quarterly results Excel-workbook, downloadable on <http://www.ageas.com/en/Pages/quarterlyresults.aspx>.

### Annex 1 : Consolidated Statement of financial position as per 31 December 2011

	31 December 2011	31 December 2010
<b>Assets</b>		
Cash and cash equivalents	2,701.5	3,258.3
Financial investments	55,231.4	56,232.5
Investment property	2,045.7	1,900.3
Loans	5,683.4	4,528.2
Investments related to unit-linked contracts	12,771.4	21,747.3
Investments in associates	1,959.5	1,732.5
Reinsurance and other receivables	4,111.1	3,828.5
Current tax assets	127.1	71.5
Deferred tax assets	358.8	465.1
Call option BNP Paribas shares	395.0	609.0
Accrued interest and other assets	2,386.2	2,042.5
Property, plant and equipment	1,098.3	1,065.0
Goodwill and other intangible assets	1,594.3	1,686.0
Assets held for sale	138.5	
<b>Total assets</b>	<b>90,602.2</b>	<b>99,166.7</b>
<b>Liabilities</b>		
Liabilities arising from life insurance contracts	24,370.4	23,938.4
Liabilities arising from life investment contracts	27,201.5	26,913.8
Liabilities related to unit-linked contracts	12,823.8	21,830.9
Liabilities arising from non-life insurance contracts	6,203.9	5,448.6
Debt certificates	256.7	548.9
Subordinated liabilities	2,973.6	2,926.9
Borrowings	2,277.0	2,141.7
Current tax liabilities	59.2	46.4
Deferred tax liabilities	614.6	682.3
RPN(I)	190.0	465.0
Accrued interest and other liabilities	2,094.1	1,947.0
Provisions	2,403.4	2,407.6
Liability related to written put option	655.8	703.2
Liabilities related to assets held for sale	110.5	
<b>Total liabilities</b>	<b>82,234.5</b>	<b>90,000.7</b>
Shareholders' equity	7,760.3	8,421.7
Non-controlling interests	607.4	744.3
<b>Total equity</b>	<b>8,367.7</b>	<b>9,166.0</b>
<b>Total liabilities and equity</b>	<b>90,602.2</b>	<b>99,166.7</b>

## Annex 2 : Income Statement

	FY 11	FY 10	Change	Q4 11	Q4 10	Change	Q3 11
<b>Income</b>							
- Gross premium income	9,421.2	9,751.6	( 3 %)	2,400.8	2,422.5	( 1 %)	2,170.0
- Change in unearned premiums	( 398.7)	( 181.9)	*	55.1	( 49.4)	*	( 58.7)
- Ceded earned premiums	( 283.8)	( 246.0)	15 %	( 71.8)	( 63.0)	14 %	( 70.3)
Net earned premiums	8,738.7	9,323.7	( 6 %)	2,384.1	2,310.1	3 %	2,041.0
Interest, dividend and other investment income	3,093.3	3,005.3	3 %	801.9	759.1	6 %	754.8
Unrealised gain (loss) on Call option BNP Paribas shares	( 214.0)	( 271.0)	( 21 %)	33.8	( 227.0)	*	( 332.8)
Unrealised gain (loss) on RPN(I)	275.0	( 149.0)	*	( 45.0)	31.0	*	438.0
Result on sales and revaluations	135.6	87.8	54 %	202.6	42.2	*	( 155.3)
Investment income related to unit-linked contracts	( 581.5)	788.0	*	477.6	( 32.1)	*	( 1,131.2)
Share of result of associates	( 146.5)	186.3	*	( 75.8)	( 40.0)	90 %	( 62.6)
Fee and commission income	427.1	428.0	( 0 %)	101.1	114.4	( 12 %)	105.1
Other income	277.1	248.0	12 %	77.6	82.0	( 5 %)	87.9
<b>Total income</b>	<b>12,004.8</b>	<b>13,647.1</b>	<b>( 12 %)</b>	<b>3,957.9</b>	<b>3,039.7</b>	<b>30 %</b>	<b>1,744.9</b>
<b>Expenses</b>							
- Insurance claims and benefits, gross	( 8,769.8)	( 9,768.8)	( 10 %)	( 2,462.2)	( 2,547.5)	( 3 %)	( 1,948.2)
- Insurance claims and benefits, ceded	155.2	165.6	( 6 %)	59.8	61.3	( 2 %)	22.7
Insurance claims and benefits, net	( 8,614.6)	( 9,603.2)	( 10 %)	( 2,402.4)	( 2,486.2)	( 3 %)	( 1,925.5)
Charges related to unit-linked contracts	642.8	( 755.0)	*	( 438.6)	50.9	*	1,148.1
Finance costs	( 310.0)	( 298.4)	4 %	( 74.3)	( 75.4)	( 1 %)	( 79.3)
Change in impairments	( 1,615.9)	328.6	*	( 360.3)	388.4	*	( 892.7)
Change in provisions	( 23.2)	( 564.5)	( 96 %)	( 23.6)	( 566.8)	( 96 %)	40.6
Fee and commission expense	( 1,163.4)	( 1,052.4)	11 %	( 287.8)	( 273.3)	5 %	( 282.8)
Staff expenses	( 739.5)	( 694.1)	7 %	( 190.7)	( 180.3)	6 %	( 182.7)
Other expenses	( 937.8)	( 866.9)	8 %	( 271.4)	( 241.5)	12 %	( 251.8)
<b>Total expenses</b>	<b>( 12,761.6)</b>	<b>( 13,505.9)</b>	<b>( 6 %)</b>	<b>( 4,049.1)</b>	<b>( 3,384.2)</b>	<b>20 %</b>	<b>( 2,426.1)</b>
<b>Result before taxation</b>	<b>( 756.8)</b>	<b>141.2</b>	<b>*</b>	<b>( 91.2)</b>	<b>( 344.5)</b>	<b>( 74 %)</b>	<b>( 681.2)</b>
Income tax expenses	83.3	222.6	( 63 %)	51.5	( 37.2)	*	79.9
<b>Net result for the period</b>	<b>( 673.5)</b>	<b>363.8</b>	<b>*</b>	<b>( 39.7)</b>	<b>( 381.7)</b>	<b>( 90 %)</b>	<b>( 601.3)</b>
Attributable to non-controlling interests	( 95.3)	140.7	*	4.8	40.8	( 88 %)	( 126.4)
<b>Net result attributable to shareholders</b>	<b>( 578.2)</b>	<b>223.1</b>	<b>*</b>	<b>( 44.5)</b>	<b>( 422.5)</b>	<b>( 89 %)</b>	<b>( 474.9)</b>
<b>Per share data (EUR)</b>							
Basic earnings per share	( 0.23)	0.09					
Diluted earnings per share	( 0.23)	0.09					

## Annex 3 : Comparable inflow data

By segment in EUR million	FY 11	FY 10	%	Q4 11	Q4 10	%	Q3 11
<b>Belgium</b>							
Gross written premiums	4,263	4,529	(6%)	1,183	1,194	(1%)	908
Investment contracts without DPF	245	589	(58%)	20	100	(80%)	36
<b>Gross inflow Life</b>	<b>4,508</b>	<b>5,119</b>	<b>(12%)</b>	<b>1,203</b>	<b>1,295</b>	<b>(7%)</b>	<b>944</b>
Gross written premiums Non-Life	1,671	1,591	5%	378	359	5%	395
<b>Total inflow Belgium</b>	<b>6,179</b>	<b>6,709</b>	<b>(8%)</b>	<b>1,581</b>	<b>1,654</b>	<b>(4%)</b>	<b>1,339</b>
<b>United Kingdom</b>							
Gross written premiums	51	27	87%	15	8	88%	14
Investment contracts without DPF	-	-	*	-	-	*	-
<b>Gross inflow Life</b>	<b>51</b>	<b>28</b>	<b>87%</b>	<b>15</b>	<b>9</b>	<b>67%</b>	<b>14</b>
Gross written premiums Non-Life	1,983	1,179	68%	460	358	28%	529
<b>Total inflow United Kingdom</b>	<b>2,034</b>	<b>1,207</b>	<b>69%</b>	<b>475</b>	<b>367</b>	<b>29%</b>	<b>543</b>
<b>Continental Europe</b>							
Gross written premiums	761	1,748	(56%)	170	320	(47%)	164
Investment contracts without DPF	1,458	1,741	(16%)	358	379	(6%)	277
<b>Gross inflow Life</b>	<b>2,219</b>	<b>3,490</b>	<b>(36%)</b>	<b>528</b>	<b>699</b>	<b>(24%)</b>	<b>441</b>
Gross written premiums Non-Life	453	443	2%	124	118	5%	98
<b>Total inflow consolidated entities</b>	<b>2,672</b>	<b>3,933</b>	<b>(32%)</b>	<b>652</b>	<b>817</b>	<b>(20%)</b>	<b>539</b>
Non-consolidated partnerships at 100%	177	-	*	111	-	*	66
<b>Total inflow Continental Europe</b>	<b>2,849</b>	<b>3,933</b>	<b>(28%)</b>	<b>763</b>	<b>817</b>	<b>(7%)</b>	<b>605</b>
<b>Asia</b>							
Gross written premiums	239	233	3%	69	64	8%	63
Investment contracts without DPF	114	102	11%	36	34	6%	27
<b>Gross inflow Life</b>	<b>353</b>	<b>335</b>	<b>5%</b>	<b>105</b>	<b>98</b>	<b>7%</b>	<b>90</b>
Gross written premiums Non-Life	-	-	*	-	-	*	-
<b>Total inflow consolidated entities</b>	<b>353</b>	<b>335</b>	<b>5%</b>	<b>105</b>	<b>98</b>	<b>7%</b>	<b>90</b>
Non-consolidated partnerships at 100%	5,804	5,759	1%	1,411	1,272	11%	1,314
<b>Total inflow Asia</b>	<b>6,157</b>	<b>6,094</b>	<b>1%</b>	<b>1,516</b>	<b>1,370</b>	<b>11%</b>	<b>1,404</b>
<b>Total inflow</b>	<b>17,219</b>	<b>17,943</b>	<b>(4%)</b>	<b>4,335</b>	<b>4,207</b>	<b>3%</b>	<b>3,891</b>

By type							
<i>in EUR million</i>	FY 11	FY 10	%	Q4 11	Q4 10	%	Q3 11
<b>Life</b>							
<b>Belgium</b>	4,508	5,119	(12%)	1,203	1,295	(7%)	944
<b>United Kingdom</b>	51	28	82%	15	9	67%	14
<b>Continental Europe</b>	2,219	3,490	(36%)	528	699	(24%)	441
<i>Fully consolidated</i>	2,219	3,490	(36%)	528	699	(24%)	441
<i>Non-consolidated partnerships at 100%</i>	-	-		-	-	*	-
<b>Asia</b>	5,550	5,578	(1%)	1,372	1,238	11%	1,267
<i>Fully consolidated</i>	353	335	5%	105	98	7%	90
<i>Non-consolidated partnerships at 100%</i>	5,197	5,243	(1%)	1,267	1,140	11%	1,177
<b>Total inflow Life</b>	<b>12,328</b>	<b>14,215</b>	<b>(13%)</b>	<b>3,118</b>	<b>3,241</b>	<b>(4%)</b>	<b>2,666</b>
<b>Non-Life</b>							
<b>Belgium</b>	1,671	1,591	5%	378	359	5%	395
<b>United Kingdom</b>	1,983	1,179	68%	460	358	28%	529
<b>Continental Europe</b>	630	443	42%	235	118	99%	164
<i>Fully consolidated</i>	453	443	2%	124	118	5%	98
<i>Non-consolidated partnerships at 100%</i>	177	-	*	111	-	*	66
<b>Asia</b>	607	516	18%	144	131	10%	137
<i>Fully consolidated</i>	-	-	*	-	-	*	-
<i>Non-consolidated partnerships at 100%</i>	607	516	18%	144	131	10%	137
<b>Total gross written premiums Non-Life</b>	<b>4,891</b>	<b>3,729</b>	<b>31%</b>	<b>1,217</b>	<b>966</b>	<b>26%</b>	<b>1,225</b>
<b>Total inflow</b>	<b>17,219</b>	<b>17,944</b>	<b>(4%)</b>	<b>4,335</b>	<b>4,207</b>	<b>3%</b>	<b>3,891</b>

## Annex 4 : Inflows per region

Key Figures per region in EUR million						Gross written premiums Non- Life				Total			
	% ownership	Gross inflow Life				FY 11	FY 10	Q4 11	Q4 10	FY 11	FY 10	Q4 11	Q4 10
		FY 11	FY 10	Q4 11	Q4 10								
Belgium	75%	4,508	5,118	1,203	1,295	1,671	1,591	378	359	6,179	6,709	1,581	1,654
United Kingdom	100%	51	28	15	9	1,983	1,179	461	358	2,034	1,207	476	367
Continental Europe		2,219	3,490	528	699	630	443	235	118	2,849	3,933	762	817
Consolidated entities		2,219	3,490	528	699	453	443	124	118	2,672	3,933	651	817
Portugal	51%	1,071	1,724	206	359	237	230	57	55	1,308	1,954	263	414
France	100%	290	375	61	85	-	-	-	-	290	375	61	85
Luxembourg	50%	814	1,293	248	242	-	-	-	-	814	1,293	247	242
Ukraine	100%	-	2	-	-	-	-	-	-	-	2	-	-
Germany	100%	44	45	13	13	-	-	-	-	44	45	13	13
Turkey	100%	-	51	-	-	-	-	-	-	-	51	-	-
Italy	25%	-	-	-	-	216	213	67	63	216	213	67	63
<b>Non-consolidated partnerships at 100%</b>													
Turkey (AKSigorta)	33%	-	-	-	-	177	-	111	-	177	-	111	-
Luxembourg (Cardif Lux Vie)	33%	-	-	-	-	-	-	-	-	-	-	-	-
Asia		5,550	5,578	1,372	1,238	607	516	144	131	6,157	6,094	1,516	1,369
Consolidated entities		353	335	105	98	-	-	-	-	353	335	105	98
Hong Kong	100%	353	335	105	98	-	-	-	-	353	335	105	98
<b>Non-consolidated partnerships at 100%</b>													
Malaysia	31%	622	717	188	140	478	405	110	102	1,100	1,122	298	242
Thailand	31%/15%	907	714	205	185	129	111	34	29	1,036	825	239	214
China	25%	3,552	3,681	852	784	-	-	-	-	3,552	3,681	852	784
India	26%	116	131	22	31	-	-	-	-	116	131	22	31
<b>Grand Total</b>		<b>12,328</b>	<b>14,214</b>	<b>3,118</b>	<b>3,241</b>	<b>4,891</b>	<b>3,729</b>	<b>1,218</b>	<b>966</b>	<b>17,219</b>	<b>17,943</b>	<b>4,335</b>	<b>4,207</b>

## Annex 5 : Solvency by region

Key Capital Indicators	31 Dec 11	31 Dec 10
<b>Belgium</b>		
Shareholders' equity	2,381	2,632
Total available capital	3,940	4,313
Minimum solvency requirements	2,263	2,163
Amount of total capital above minimum solvency requirements	1,677	2,150
Total solvency ratio	174%	199%
<b>United Kingdom</b>		
Shareholders' equity	1,007	776
Total available capital	858	658
Minimum solvency requirements	367	192
Amount of total capital above minimum solvency requirements	491	466
Total solvency ratio	234%	343%
<b>Continental Europe</b>		
Shareholders' equity	929	893
Total available capital	973	1,183
Minimum solvency requirements	565	562
Amount of total capital above minimum solvency requirements	408	621
Total solvency ratio	172%	210%
<b>Asia</b>		
Shareholders' equity	1,687	1,441
Total available capital	1,291	1,131
Minimum solvency requirements	442	333
Amount of total capital above minimum solvency requirements	849	798
Total solvency ratio	292%	340%
<b>Consolidation adjustment total available capital</b>	467	255
<b>Total Insurance</b>		
Shareholders' equity	6,004	5,742
Total available capital	7,529	7,540
Minimum solvency requirements	3,637	3,250
Amount of total capital above minimum solvency requirements	3,892	4,290
Total solvency ratio	207%	232%
<b>General Account (after eliminations)</b>		
Shareholders' equity	1,756	2,680
Total available capital	1,095	2,334
Total solvency ratio Ageas	237%	282%

## Annex 6 : Government bond investment portfolio as per 31 December 2011

(reported under 'Available for Sale' and 'Held to Maturity')

<i>in EUR million</i>	Historical/ Amortised value	Gross unrealised gains (losses)	Impairments	Fair value
<b>31 December 2011</b>				
Belgium	9,680.4	111.4		9,791.8
The Netherlands	1,692.1	116.5		1,808.6
Germany	1,402.8	216.3		1,619.1
Italy	1,989.9	( 369.8 )		1,620.1
France	4,365.7	186.6		4,552.3
Great Britain	660.9	43.6		704.5
Greece	1,563.0	( 0.1 )	( 1,209.1 )	353.8
Spain	1,015.7	( 90.2 )		925.5
Portugal	681.0	( 208.3 )		472.7
Austria	2,308.1	136.7		2,444.8
Finland	282.9	24.7		307.6
Ireland	443.1	( 62.0 )		381.1
Others	1,607.9	53.3		1,661.2
<b>Total Available for Sale</b>	<b>27,693.5</b>	<b>158.7</b>	<b>( 1,209.1 )</b>	<b>26,643.1</b>
Belgium	4,373.5			4,553.4
Portugal	493.6			403.6
<b>Total Held to Maturity</b>	<b>4,867.1</b>			<b>4,957.0</b>
<b>30 September 2011</b>				
Belgium	13,540.1	461.6		14,001.7
The Netherlands	1,493.5	108.2		1,601.7
Germany	2,307.6	365.6		2,673.2
Italy	2,380.7	( 337.2 )		2,043.5
France	3,971.1	294.6		4,265.7
Great Britain	663.6	34.5		698.1
Greece	1,684.6		( 1,046.2 )	638.4
Spain	1,180.0	( 107.4 )		1,072.6
Portugal	719.4	( 184.2 )		535.2
Austria	2,284.9	193.8		2,478.7
Finland	267.8	22.2		290.0
Ireland	560.4	( 55.1 )		505.3
Others	1,593.3	95.8		1,689.1
<b>Total Available for Sale</b>	<b>32,647.0</b>	<b>892.4</b>	<b>( 1,046.2 )</b>	<b>32,493.2</b>
Belgium				
Portugal	488.3			
<b>Total Held to Maturity</b>	<b>488.3</b>			
<b>31 December 2010</b>				
Belgium	9,948.1	128.0		10,076.1
The Netherlands	1,288.2	48.0		1,336.2
Germany	2,628.8	149.9		2,778.7
Italy	3,683.4	( 110.3 )		3,573.1
France	4,069.6	92.4		4,162.0
Great Britain	600.4	12.8		613.2
Greece	1,832.0	( 624.1 )		1,207.9
Spain	1,730.0	( 129.0 )		1,601.0
Portugal	1,654.2	( 142.4 )		1,511.8
Austria	2,543.2	81.4		2,624.6
Finland	740.5	14.8		755.3
Ireland	599.1	( 109.7 )		489.4
Others	1,524.4	48.4		1,572.8
<b>Total Available for Sale</b>	<b>32,841.9</b>	<b>( 539.8 )</b>		<b>32,302.1</b>
Belgium				
Portugal				
<b>Total Held to Maturity</b>				