



PRESS RELEASE

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Regulated Information - First quarter results 2011

Improved financial performance across all Insurance segments

- Insurance net profit of EUR **134 million**, +44%
- Group combined ratio at **102.6%** vs. 110.5%
- Gross inflows at EUR **4.8 billion**, -3%
- Funds under management at EUR **78.5 billion**, +1% vs. end 2010

Group net loss of EUR 154 million

- General Account net loss of EUR **288 million**, RPN(I) liability up EUR 257 million

Total solvency ratio at 201%¹, shareholders' equity down from EUR 8.2 billion to EUR 7.4 billion

- Mainly adverse evolution of unrealized gains and losses on fixed income portfolio

CEO Bart De Smet said:

"We start the year with a significantly better financial and operational performance across all Insurance segments compared to last year, with further room for improvement in a number of areas.

The first quarter is traditionally considered quite challenging. Nevertheless, in Non-Life the combined ratios of our UK and Belgian operations, particularly in Motor, evolved positively, in line with our objectives. They reflect the corrective actions taken in recent quarters. The recovery in Household related activities has been somewhat slower due to the negative effect of the severe winter conditions. The profitability of our Life operations held up well driven by a good performance in Asia and Continental Europe while Belgium remains the main contributor.

The commercial performance was broadly in line with expectations : Higher Non-Life inflows were reported as a result of the UK benefiting from the further development of Tesco Underwriting. Life inflows in Asia remained almost stable consolidating the record levels reported last year while Continental Europe recorded lower inflows.

The General Account is marked by the significantly higher fair value of the RPN(I) liability which suffered from the appreciation of the price of the CASHES, leading to a negative Group result.

Based on these results, we are comfortable in reconfirming our outlook for the full year with inflow levels expected to be at least in line with 2010. We continue to expect an improved financial performance of our Insurance operations barring significant events outside of our control. The result of the General Account is expected to remain volatile, as illustrated in the past quarter.

To summarize, this first quarter is an encouraging start of the year but with more to do and with the full commitment of the management to do even better in the quarters to come."

♦ ♦ ♦

¹ According to the Ageas's view on available capital

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in EUR million

	Q1 11	Q1 10**	FY 10
Gross inflows (incl. non-consolidated partnerships)	4,832.0	5,002.0	17,943.0
- of which inflows from non-consolidated partnerships	1,665.0	1,741.0	5,758.0
Net profit Insurance before non-controlling interests	179.6	129.4	533.5
- Belgium	110.5	85.7	355.0
- UK	3.2	(2.6)	(23.4)
- Continental Europe	35.7	25.8	108.4
- Asia	30.2	20.5	93.5
Net profit Insurance attributable to shareholders	134.5	93.6	391.3
- Belgium	81.6	63.8	263.5
- UK	4.9	(2.0)	(16.8)
- Continental Europe	17.8	11.3	51.1
- Asia	30.2	20.5	93.5
Net profit General Account (incl. eliminations)	(288.1)	(294.7)	(168.2)
- Net profit General Account excl. value call option	(290.1)	(74.7)	102.8
Net profit attributable to shareholders	(153.6)	(201.1)	223.1
- Net profit attributable to shareholders excl. value call option	(155.6)	18.9	494.1
Funds under management (in EUR bn)	78.5	75.4	78.1
Operating cost Life/FUM Life ratio	0.48%	0.51%	0.53%
Combined ratio	102.6%	110.5%	107.3%
Total solvency ratio Insurance	201%	227%	227%
Weighted average number of ordinary shares (in million)	2,583	2,475	2,482
Earnings per share (in EUR)	(0.06)	(0.08)	0.09
- Earnings per share excl. value call option (in EUR)	(0.06)	(0.02)	0.20
Shareholders' equity	7,446	8,641	8,247
- Shareholders' equity excl. value call option	6,835	8,206	7,638
Net equity per share (in EUR)	2.88	3.49	3.19
- Net equity per share excl. value call option (in EUR)	2.65	3.32	2.96
Dividend per share (in EUR)			0.08
Return on equity *	3.1%	11.9%	2.5%
- Return on equity per share excl. value call option	4.9%	6.7%	2.7%

* 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 ** Q1 2010 figures include restatement following implementation new Chinese Accounting Standards as of mid 2010.

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More information:

INVESTOR RELATIONS

Frank Vandenborre

+32 (0)2 557 57 33

frank.vandenborre@ageas.com

Koen Devos

+32 (0)2 557 57 35

koen.a.devos@ageas.com

MEDIA

Kathleen Steel

+32 (0)2 557 57 37

kathleen.steel@ageas.com

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Executive summary

Ageas's first quarter 2011 results show improved financial performance across all Insurance business segments. As expected inflow levels came slightly down to EUR 4.8 billion (-3%), supported by strong growth in the UK, reflecting the further development of Tesco Underwriting. However, this could not entirely offset lower volumes, mainly in single premiums in Portugal, Luxembourg and China. The Group net result for the first quarter amounts to EUR 154 million negative comprising a net Insurance profit of EUR 134 million and a negative net result of the General Account of EUR 288 million.

In Insurance, the financial performance of both the Life and Non-Life operations improved compared to last year, mainly thanks to the improvement in the operating performance of Non-Life, especially in Motor. The Household activities were impacted by a further development of the prior year claims related to the severe winter conditions at the end of 2010. The results of the Life activities were resilient across all segments but especially in Portugal and the Asian countries. The General Account result was marked by a substantial increase in the fair value of the RPN(I) liability mainly due to an increase in the market price of the CASHES financial instrument and lower spreads on perpetual debt instruments.

Total shareholders' equity declined from EUR 8.2 billion at the end of 2010 to EUR 7.4 billion at the end of March or EUR 2.88 per share. This was mainly as a result of a further deterioration in the unrealized gains and losses on fixed income securities alongside the impact of the negative quarterly Group result and the adverse evolution of currency translation reserves. In the same context total solvency decreased from 227% end 2010 to 201%, remaining well above the minimum capital requirements.

Insurance

Sound Life results, strongly improved Non-Life performance in a traditionally challenging first quarter

Ageas's Insurance first quarter' **net profit after non-controlling interests** amounted to EUR 134 million compared to EUR 94 million last year. The latter included a EUR 8 million positive restatement in Asia following the implementation of the new local accounting principles in China. This improved result is driven by a resilient performance in Life and a significantly better Non-Life result in Belgium and the UK despite the increase of prior year claims costs in Household.

The net result breaks down into a net profit of EUR 82 million in Belgium, EUR 5 million in the United Kingdom, EUR 18 million in Continental Europe and EUR 30 million in Asia.

In **Life** the **net profit** is solid at EUR 106 million compared to EUR 100 million in 2010. The strong contribution from all Asian Life operations and from Portugal, benefiting from higher investment margins, more than offset lower results in Belgium.

A lower net investment yield and the new contribution levied by the state on the insurance industry, applicable as of 1 January 2011, drove down net profit in Belgium.

The **Non-Life** operations reported a positive **net result** of EUR 25 million after the net loss of EUR 10 million last year, the latter due in part to weather related events in Belgium. All segments contributed to this result but especially Belgium and Asia. The operating performance improved significantly across all segments thanks to the various actions taken in 2009 and 2010 which is especially visible in Motor. In Household better results were unfortunately mitigated by an exceptional charge net-of-tax of EUR 11.6 million related to prior year claims costs. These were due to an increase in claims costs particularly for escape of water and following the severe winter conditions at the end of 2010. In Asia, Malaysia contributed strongly to the positive result thanks to good investment income, and EUR 3 million of non-recurring tax recoveries in Non-Life.

The **Group combined ratio** improved from 110.5% in the first quarter last year to 102.6% this year. In Belgium, the combined ratio went from 113.7% to 100.9%, essentially driven by a very strong combined ratio of 94.9% in Motor. In the United Kingdom the combined ratio improved from 110.2% to 106.0%. As in Belgium, Motor performed well with a combined ratio of 100.3% but Household suffered from the high prior year claims increasing the combined ratio by 17.9% to 121.9%. Excluding Workmen's Compensation the Group combined ratio in the first quarter was 102.3% compared to 108.9% in the first quarter of 2010.

The segment **Other Insurance**, including UK retail distribution operations, contributed EUR 4.0 million, slightly above last year (EUR 3.6 million). This includes a net profit contribution of EUR 1.5 million from Kwik Fit Insurance Services (KFIS), acquired in July 2010, after EUR 1.2 million amortisation costs of intangible assets. In late March 2011 Ageas announced the acquisition of Castle Cover, a UK based intermediary specialising in the over 50s insurance sector, consolidating Ageas's n°2 position in this fast growing market segment. In this context, the net result includes a one-off EUR 1.0 million acquisition related costs.

Lower Life inflows, Non-Life increases

Total gross inflows in the first quarter amounted to EUR 4.8 billion, 3% below last year's level (EUR 5.0 billion). This includes EUR 1.7 billion from the Asian non-consolidated partnerships on a 100% basis, down 4% on last year. At constant exchange rates, inflows would have decreased 9% compared to last year.

Life inflows, including non-consolidated partnerships at 100%, reached EUR 3.6 billion, down 11% on last year. Except for Belgium, with stable sales thanks to a successful campaign in the Bank channel, markets contracted somewhat in Continental Europe and Asia. In line with the trend already noted in the second part of 2010, the difficult macro-economic environment continues to impact inflows in Portugal (-34%), especially in savings products. In Luxembourg inflows also declined significantly (-38%), but need to be compared to a record high first quarter in 2010 fuelled by the positive impact of the European Savings Directive. In Asia, inflows came down 5% but the past quarter remained the second best with an overall strong commercial performance taking into account the exceptional inflows from single premium campaigns last year.

This year the orientation has been turned towards regular premium income. Inflows in the consolidated entities were 3% below last year's level (EUR 3.1 billion in Q1 2011 vs. EUR 3.2 billion in Q1 2010).

In **Non-Life** Gross Written Premiums grew 27% to EUR 1.2 billion (vs. EUR 971 million last year) and fuelled by the activities in the UK. The UK reported inflows of EUR 471 million, +81%, thanks to the inclusion of Tesco Underwriting, which launched mid October 2010 and a 21% increase in gross written premiums underwritten by Ageas Insurance Limited. Tesco Underwriting's income in the first quarter amounted to EUR 156 million or EUR 257 million since its launch. In Belgium inflows went up 6%, thanks also to the combination of higher volumes (4%) and increased tariffs (2%). In Continental Europe and in Portugal in particular, Médis further strengthened its market position in Health Products with increased inflows in a stagnating market. Premium levels in Italy remained stable despite the substantial measures taken to redress the profitability in Motor. In Asia, both Non-Life operations in Malaysia and Thailand performed well and grew 17% overall.

Total funds under management in the consolidated entities and including Non-Life, amounted to EUR 78.5 billion compared to EUR 78.1 billion at the end of 2010. **Life funds under management** in the consolidated activities increased across all segments to EUR 73.0 billion almost stable compared to end 2010 and up 4% compared to the end of March 2010. Life funds under management in the non-consolidated partnerships (Asia) amounted to EUR 15.0 billion. **Non-Life funds under management** increased 12% from EUR 5.0 billion end March 2010 to EUR 5.6 billion end March 2011.

Investment portfolio composition stable, unrealized gains on fixed income suffering from increasing spreads

Ageas's investment portfolio reported as 'available for sale' under IFRS and including real estate at fair value as at 31 March 2011 decreased from EUR 59.8 billion at the end of 2010 to EUR 58.7 billion. New inflows only partially compensated the drop of the fair value of fixed income securities, including both government and corporate bond securities. The overall composition by asset classes remained stable compared to end 2010. Nearly 90% remains invested in fixed income securities, 4% in equities and the remaining part in real estate. More than 97% of the total bond portfolio is investment grade and 90% of the portfolio is rated A or higher.

Gross unrealized capital gains and losses on the total investment portfolio evolved from an unrealized gain of EUR 1.1 billion at the end of 2010 to a nearly breakeven situation at the end of March 2011. This relates entirely to an unrealized loss on fixed income securities of EUR 1.2 billion end of March compared to an unrealized loss of EUR 49 million end 2010, a deterioration seen on both corporate and sovereign bonds. This adverse evolution is a result of further spread widening and increased interest rates impacting mainly sovereign investments in Belgium, Portugal, Germany and France.

Total gross sovereign exposure to the Southern European countries remained fairly stable compared to end 2010 at EUR 8.7 billion at amortized cost corresponding to a net exposure of EUR 6 billion taking into account the non-controlling interests in Belgium and Portugal. Gross exposure to Ireland remained stable also at EUR 0.6 billion at amortized cost.

General Account

The **General Account's** net result amounted to EUR 288 million negative for the first quarter, driven by an increase of the fair value of the RPN(I) liability of EUR 257 million compared to end 2010. This is mainly explained by an increase in the market price of the CASHES financial instrument from 50% end 2010 to 63% end of March. At the end of March 2011 the fair value of the RPN(I) liability amounted to EUR 722 million.

The periodic revaluation of the call option on the BNP Paribas shares resulted in a value of EUR 611 million, almost stable compared to the end of 2010. A higher BNP Paribas' share price was off set by a lower implied volatility and by a higher market consensus for BNP Paribas' dividend yield.

The net result under IFRS of Royal Park Investments (RPI) for the first quarter amounted to EUR 12 million negative, mainly due to an adverse currency exchange impact. The value of the equity investment, including fair value movements of interest rate swaps, decreased slightly from EUR 933 to EUR 913 million. Other elements in the General Account include a capital gain of EUR 5 million partly offset by a net interest cost of EUR 2 million. Total operating expenses amounted to EUR 12 million, 12% down on last year.

Contingent liabilities

Please refer to note 28 of the Consolidated Interim Financial Statements as per 31 March 2011 for the entire section of "Contingent liabilities". No material new elements emerged since the publication of Ageas's annual report on the 17th of March 2011.

Group

Shareholders' equity down to EUR 2.88 per share

Shareholders' equity at 31 March 2011 amounted to EUR 7.4 billion (EUR 2.88 per share) compared to EUR 8.2 billion (EUR 3.19 per share) at the end of 2010. The lower shareholders' equity followed the adverse evolution of the net unrealized gains and losses, down EUR 0.5 billion compared to end 2010, besides the negative impact of the first quarter' results and lower currency translation reserves.

Solvency remains solid

Ageas's **total available capital** amounted to EUR 7.8 billion end March 2011 compared to EUR 8.6 billion end 2010. It exceeded the total consolidated regulatory minimum requirements of the insurance activities by EUR 4.7 billion, including the available capital within the General Account (EUR 1.6 billion). Total available capital of the insurance activities amounted to EUR 6.1 billion, with minimum solvency requirements stable at EUR 3.1 billion. This led to a total solvency ratio for the global insurance operations of 201% compared to 227% at the end of last year. The decreased overall solvency is explained by lower solvency ratios in Belgium (177%) and Continental Europe (198%) following the significantly higher unrealized losses on fixed income securities impacting solvency in both segments. In the United Kingdom, the solvency ratio decreased to 247%, driven by the Tesco business.

The **net cash position in the General Account** per 31 March 2011, assuming full redemption of the European Medium Term Notes (EMTN) programme and including short term deposits entrusted to banks, amounted to EUR 2.1 billion, down from EUR 2.2 billion end 2010.

The level of **discretionary capital** decreased from EUR 0.5 billion end 2010 to EUR 0.2 billion at the end of the first quarter, mainly as a result of the increased fair value of the RPN(I) liability and the acquisition of Castle Cover in the UK late March 2011.

Details by business segment

Belgium

Income Statement - Life

Belgium - Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums	1,222.1	1,109.2	10%
Investment contracts without dpf	88.4	206.3	(57%)
Gross inflow Life	1,310.5	1,315.5	(0%)
Operating costs	(45.5)	(43.8)	4%
Technical result	65.0	91.7	(29%)
Allocated capital gains	15.9	12.3	29%
Operating margin	80.9	104.0	(22%)
Non-allocated other income and expenses	37.5	24.8	52%
Profit before taxation	118.4	128.8	(8%)
Income tax expenses	(28.1)	(33.0)	(15%)
Net profit attributable to non-controlling interests	23.7	23.8	(1%)
Net profit attributable to shareholders	66.6	72.0	(8%)

Income Statement - Non-Life

Belgium - Non-Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums Non-Life	511.1	483.0	6%
Operating costs	(68.8)	(66.1)	4%
Technical result	23.2	(22.8)	*
Allocated capital gains	1.3	3.1	(57%)
Operating margin	24.5	(19.7)	*
Non-allocated other income and expenses	4.6	3.1	48%
Profit before taxation	29.1	(16.6)	*
Income tax expenses	(8.9)	6.5	*
Net profit attributable to non-controlling interests	5.2	(1.9)	*
Net profit attributable to shareholders	15.0	(8.2)	*

Income Statement

Belgium - in EUR million	Q1 11	Q1 10	Change
Gross inflow	1,821.6	1,798.5	1%
Operating costs	(114.3)	(109.9)	4%
Net profit attributable to shareholders	81.6	63.8	28%

■ **Stable inflows at EUR 1.8 billion**

- ◆ Life inflow stable at EUR 1.3 billion; Higher sales of savings products offset by a lower appetite for unit-linked products
- ◆ Non-Life Gross Written Premiums up 6% to EUR 0.5 billion reflecting tariff increases and volume growth

■ **Net profit after non-controlling interests at EUR 82 million (vs. EUR 64 million in Q1 2010)**

- ◆ Life net result down due to lower net investment yield but remains solid
- ◆ Non-Life recovered despite significant amount of winter weather related claims in Fire

■ **Life funds under management at EUR 48.5 billion (vs. EUR 48.2 billion end 2010)**

- ◆ Increase driven by new intakes in savings and by Group Life

■ **Overall combined ratio at 100.9% (vs. 113.7% in Q1 2010)**

- ◆ Improved overall claims ratio attributable mainly to strong Motor performance
- ◆ Fire combined ratio at 116.7%, suffered from aftermath of winter conditions end 2010
- ◆ Combined ratio, excluding Workmen's Compensation at 100.1% (vs. 110.8% in Q1 2010)

Total **gross inflows** amounted to EUR 1.8 billion, 1% up on last year's levels. The first quarter's commercial performance was marked by solid results both in Life and Non-Life. In Life, inflows were supported by successful savings campaigns in the banking channel while sales of unit-linked products came down. In Non-Life, inflows went up as a combination of volume growth and tariff increases.

Net profit after non-controlling interests increased 28% to EUR 82 million (vs. EUR 64 million in Q1 2010). The improved performance relates to a EUR 23 million improvement in Non-Life which returned to profit (EUR 15 million), while Life results came down 8% to EUR 67 million. Non-Life benefited from a better technical performance in Motor and a positive prior year claims evolution in Workmen's Compensation. In Fire however, an improvement in large claims was partly off set by costs of weather related claims due to the harsh winter conditions end 2010 and early 2011. Life posted a solid performance although weighed down by an overall lower investment yield following the restructuring of the investment portfolio last year and the impact of the newly introduced Insurance specific contribution levied by the state on savings products and amounting to EUR 10 million gross (EUR 5 million net-of-tax and non-controlling interests). These negative elements were partly offset by capital gains realised on equities and bonds.

Overall, **operating costs** increased some 4% to EUR 114 million, partially due to Solvency II project related costs and inflation linked staff costs. The Life cost ratio as a percentage of funds under management remained stable at 0.38% as the increase of funds under management compensated higher costs. The Non-Life cost ratio improved from 17% to 16.8%.

Life

Life **inflow** reached EUR 1.3 billion, nearly stable on the same period last year. Individual Life inflow amounted to EUR 1.1 billion, slightly up (vs. EUR 1.0 billion in Q1 2010) with higher sales in savings products partly offset by a reduced appetite for Unit-linked products. Inflows via the bank channel reached EUR 836 million, driven by strong inflows in the savings products. These were supported by an increased guaranteed interest rate up from 2.25% to 2.75% as of 1 January 2011. Inflows via the broker channel rose 3% to EUR 216 million, also essentially through the sale of guaranteed saving products.

Group Life reached EUR 258 million compared to EUR 271 million last year (-5%). This is explained by timing differences in the payment of the quarterly contributions for a number of large sector and statutory plans.

Life **funds under management** increased to EUR 48.5 billion (+1%) compared to EUR 48.2 billion end of last year. Non-unit linked funds under management increased slightly to EUR 42.0 billion. Unit-linked funds under management decreased 2% to EUR 6.5 billion, because of lower sales, higher lapses in open-ended funds and an unfavourable unit-value evolution in bond funds due to increasing rates.

The **technical result** was impacted by a lower yield from reshuffling of investment portfolio in 2010 and the newly introduced saving insurance specific contribution levied by the state. Solid risk margins and increasing volumes somewhat compensated

Net profit amounted to EUR 67 million, down from EUR 72 million in 2010 (-8%). The negative variance comes from an overall lower investment yield following the restructuring of the investment portfolio in 2010, partly offset by capital gains on equities and bonds. In addition the 0.15% contribution, levied by the State on the Life funds under management (except the second pillar) became effective as of 1 January 2011 and had a gross impact of EUR 10 million (EUR 5 million net-of-tax and non-controlling interests).

Non-Life

Gross written premiums amounted to EUR 511 million, up 6% compared to the same period last year. Especially Motor (+8%) and Fire (+9%) inflows showed strong growth both via the bank and the broker distribution channel. Inflows in the broker and the bank channel amounted to EUR 372 million (+7%) and EUR 70 million (+11%) respectively. Inflows in the Health Care channel amounted to EUR 69 million, EUR 4 million or 3% lower than last year due to an exceptional Disability premium last year. The overall increase is driven by a combination of tariff increases and volume growth. In Motor premiums increased 8% of which 4.5% related to tariff increases, in Fire inflows went up 9% including 4% tariff increases.

The **technical result** went from EUR 23 million negative last year to EUR 23 million positive. Last year's result included the negative impact of the Xynthia winter storm. Motor and Workmen's Compensation showed a significant improvement in the first quarter. Fire was impacted by the tail end of the severe winter conditions end 2010 and early 2011 leading to collapsing roofs due to snow pressure and water damages, having a negative impact on net result of EUR 9 million. The strong results in Motor are a result of the tariff increases over the past quarters, adapted product features and improved claims frequency. Workmen's Compensation benefited from a positive prior year claims result.

The **combined ratio** stood at 100.9% compared to 113.6% last year. Excluding Workmen's Compensation, the combined ratio amounted to 100.1% vs. 110.8% last year. Continued tariff increases across all segments led to a better performance especially in Motor, partially overshadowed however by the higher claims costs in Fire. In Workmen's Compensation, tariffs have been increased as of 1 January 2011. The overall operational performance improved thanks to a positive prior year claims evolution but meanwhile the business still suffers from a high number of permanent disability claims. The above mentioned positive performance in Motor translates into a combined ratio of 94.9% this year improving from 112.6%. In Fire the combined ratio amounted to 116.7% compared to 123.1% last year while in Workmen's Compensation the combined ratio reached 106.8% versus 134.3% in 2010.

Net profit amounted to EUR 15 million (vs. EUR 8 million negative last year), a strong improvement on last year.

United Kingdom

Income Statement - Life

UK - Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums	10.3	4.9	*
Investment contracts without dpf	-	-	*
Gross inflow Life	10.3	4.9	*
Operating costs	(6.9)	(5.3)	28%
Technical result	(1.4)	(1.3)	9%
Allocated capital gains	-	-	*
Operating margin	(1.4)	(1.3)	9%
Non-allocated other income and expenses	0.4	0.4	(0%)
Profit before taxation	(1.0)	(0.9)	2%
Income tax expenses	0.3	0.3	(3%)
Net profit attributable to non-controlling interests	-	-	*
Net profit attributable to shareholders	(0.7)	(0.6)	4%

Income Statement - Non-Life

UK - Non-Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums Non-Life	471.1	259.8	81%
Operating costs	(30.9)	(20.8)	49%
Technical result	(3.5)	(9.7)	(63%)
Allocated capital gains	0.9	0.7	30%
Operating margin	(2.6)	(9.0)	(71%)
Non-allocated other income and expenses	2.5	1.4	79%
Profit before taxation	(0.1)	(7.6)	(99%)
Income tax expenses	--	2.1	*
Net profit attributable to non-controlling interests	(1.7)	(0.6)	*
Net profit attributable to shareholders	1.6	(4.9)	*

Income Statement - Other Insurance

UK - Other Insurance - in EUR million	Q1 11	Q1 10	Change
Fee and commission income	39.8	29.0	37%
Other income	22.9	0.5	*
Staff expenses	(22.5)	(11.7)	92%
Other expenses	(34.6)	(12.9)	*
Profit before taxation	5.6	4.9	11%
Income tax expenses	(1.6)	(1.4)	9%
Net profit attributable to non-controlling interests	-	-	*
Net profit attributable to shareholders	4.0	3.5	12%

Income Statement

UK - in EUR million	Q1 11	Q1 10	Change
Gross inflow	481.4	264.7	82%
Operating costs	(37.8)	(26.1)	45%
Net profit attributable to shareholders	4.9	(2.0)	*

■ **Inflow at EUR 481 million (vs. EUR 265 million in Q1 2010)**

- ◆ Record quarterly growth in Non-Life with Gross Written Premiums up 82%
- ◆ Life Protection inflows doubled
- ◆ Retail income substantially up thanks to the inclusion of Kwik Fit Insurance Services

■ **Net profit at EUR 5 million (vs. a net loss of EUR 2 million in Q1 2010)**

- ◆ Non-Life net profit at EUR 2 million; Increasingly strong performance in Motor
- ◆ Solid return from Retail activities, net profit up 12% to EUR 4 million

■ **Combined ratio at 106.0% (vs. 110.2% in Q1 2010)**

- ◆ Continuing improvement in Motor with 100.3% combined ratio (vs. 111.8% in Q1 2010)
- ◆ Combined ratio Household at 121.9% impacted by a 17.9% prior year claims ratio in respect of adverse weather at the end of 2010

■ **Retail activities further strengthened through acquisition of Castle Cover**

- ◆ Acquisition enhances n°2 market position in over 50s distribution and consolidates the 4th largest Personal lines broker position

Inflows in the first quarter of 2011 amounted to EUR 481 million, up 82% compared to the same quarter last year. This includes business underwritten by Tesco Underwriting, which started trading in the 4th quarter of 2010, as well as strong growth for Ageas Insurance in Personal and Commercial lines. Excluding Tesco, Non-Life inflow increased by 21%. Retail income also grew significantly, thanks to the inclusion of Kwik Fit Insurance Services (KFIS) and Life Protection doubled its inflows compared to the same period last year. The currency impact on inflows compared to 2010 amounted to a positive EUR 18 million.

The **operating and financial performance** improved with a EUR 5 million net profit (vs. EUR 2 million loss in 2010). Ageas UK's Motor book shows improved performance as management actions taken over the last year continue to have a positive impact. The Motor combined ratio has improved by 11.5% compared to Q1 2010. In line with the rest of the market, there was a higher volume of prior year claims costs in Household following the severe weather conditions at the end of 2010, leading to unprecedented levels of Escape of Water claims and impacting the net result after tax by EUR 11.6 million. Overall, the Non-Life operations contributed EUR 2 million to the net result after non-controlling interests. Other Insurance delivered a EUR 4 million net profit, including EUR 1.0 million acquisition related costs. The Life Protection business showed a small loss.

Operating costs went up nearly 50%, mainly due to the start-up of Tesco Underwriting mid October 2010.

Life

Gross inflows amounted to EUR 10 million for the first quarter, an increase of 110% year-on-year. At the end of 2010, Ageas has a 6.4% market share among Independent Financial Advisers. The company now provides cover to over 135,000 customers, an increase of 68% compared to the first quarter of 2010.

The **net result** in the first quarter was a loss of EUR 0.7 million.

Non-Life

Total **gross written premiums** for the first quarter 2011 increased by a record 81% to EUR 471 million, driven by good growth in Personal and Commercial lines and the inclusion of Tesco Underwriting, Ageas's partnership with Tesco Bank which was launched in mid October 2010.

Total Non-Life growth, including Tesco Underwriting, was 92% for Household up to EUR 125 million (vs. EUR 65 million), and 98% for Motor up to EUR 287 million (vs. EUR 145 million). Within Ageas Insurance Personal lines and excluding Tesco Underwriting, the Household book has grown by 48% to EUR 97 million as a result of continuing strong take-up in the broker market. Private car and Travel inflows were in line with 2010 income levels at EUR 137 million and EUR 16 million respectively.

Inflows in Ageas Insurance Commercial lines grew by 29% to EUR 57 million, reflecting strong growth in Van in particular. Growth in Commercial lines is part of Ageas UK's deliberate strategy to widen its product base across the Small and Medium Sized Enterprises (SME) market, offering high service, low cost propositions that meet brokers' needs.

Tesco Underwriting's income in the first quarter of 2011 reached EUR 156 million. Tesco Underwriting now covers around 575,000 customers and has delivered cumulative inflows since its launch mid October 2010 of EUR 257 million.

In a quarter typically impacted by adverse seasonal factors, there was good intrinsic performance overall in Non-Life operations with the **net result** after non-controlling interests up EUR 6.5 million to EUR 1.6 million. Within Ageas Insurance, excluding Tesco Underwriting, the Motor book continues to see progress quarter by quarter. In the Household book, higher than anticipated claims were incurred as a result of the severe weather which impacted across the industry at the end of 2010. The Escape of Water costs in the first quarter amounted to EUR 11.6 million net-of-tax and a cumulative total since the last quarter of 2010 of EUR 50 million. The net result for Tesco Underwriting in the first quarter as it continues in its start up phase was EUR 1.7 million negative.

The **combined ratio** in the first quarter 2011, including Tesco Underwriting was 106.0%, compared to 110.2% last year. Strong progress in Motor continued with the combined ratio improving by 11.6 points to 100.3%. The combined ratio in

Household of 121.9% takes into account exceptional prior year claims costs related to the 2010 end of year weather impact, leading to a prior year loss ratio of 17.9% in Q1 2011.

Other Insurance

The UK's Other Insurance segment which includes the Retail operations - RIAS, Kwik Fit Insurance Services (KFIS), Ageas Insurance Solutions (UKAIS) and since 24 March 2011, Castle Cover - performed well in the first quarter with total fee and commission **income** up to EUR 62.7 million (+113%). Growth has come from the inclusion of Kwik Fit Insurance Services (KFIS), good performance from affinity partnerships, strong customer retention and add-on income.

The development of the UK Retail business has been significant over the last 12 months with the addition of KFIS and most recently Castle Cover, strengthening Ageas UK's overall distribution and manufacturing mix by adding nearly 1 million extra customers from different market segments. Castle Cover was acquired for a total consideration of GBP 54.6 million (EUR 62.5 million). The initial goodwill amounts to EUR 52.2 million while the intangible assets amount to EUR 8.8 million.

The **net profit** amounted to EUR 4 million, compared to EUR 3.5 million last year. This result includes EUR 1.0 million of acquisition costs related to Castle Cover. KFIS contributed EUR 1.5 million to the net result, including an amortisation cost on intangible assets of EUR 1.2 million.

Continental Europe

Income Statement - Life

Continental Europe - Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums	232.5	537.5	(57%)
Investment contracts without dpf	436.8	472.3	(8%)
Gross inflow Life	669.3	1,009.8	(34%)
Operating costs	(27.1)	(30.7)	(12%)
Technical result	42.1	29.8	41%
Allocated capital gains	-	1.0	(98%)
Operating margin	42.1	30.8	37%
Non-allocated other income and expenses	3.3	3.9	(13%)
Profit before taxation	45.4	34.7	31%
Income tax expenses	(11.5)	(10.5)	9%
Net profit attributable to non-controlling interests	16.8	13.5	25%
Net profit attributable to shareholders	17.1	10.7	60%

Income Statement - Non-Life

Continental Europe - Non-Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums Non-Life	119.5	119.4	0%
Operating costs	(18.7)	(17.8)	5%
Technical result	3.0	1.2	*
Allocated capital gains	--	0.9	*
Operating margin	3.0	2.1	39%
Non-allocated other income and expenses	-	0.6	(95%)
Profit before taxation	3.0	2.7	10%
Income tax expenses	(1.2)	(1.1)	8%
Net profit attributable to non-controlling interests	1.1	1.0	11%
Net profit attributable to shareholders	0.7	0.6	13%

Income Statement

Continental Europe - in EUR million	Q1 11	Q1 10	Change
Gross inflow	788.8	1,129.2	(30%)
Operating costs	(45.8)	(48.5)	(6%)
Net profit attributable to shareholders	17.8	11.3	58%

■ **Inflow at EUR 789 million (vs. EUR 1,129 million in Q1 2010)**

- ◆ Lower inflow levels in Portugal and Luxembourg in line with trend 2nd half 2010
- ◆ Life inflows at EUR 669 million, -34% versus last year
- ◆ Non-Life inflows at EUR 120 million, stable on last year

■ **Net profit after non-controlling interests substantially up to EUR 18 million (vs. EUR 11 million in Q1 2010)**

- ◆ Strong financial performance in Portugal
- ◆ Combined ratio Non-Life at 99.4%

■ **Life Funds under Management at EUR 23.0 billion, fairly stable compared to end 2010**

Total gross inflows reached EUR 789 million, a decrease of 30% compared to last year but fairly stable compared to the fourth quarter of 2010 (-3%). The Life activities in Portugal continue to suffer, as expected, from the difficult economic conditions which led to substantially lower inflows. In addition, inflows in Luxembourg declined by some 38% compared to a very strong first quarter in 2010 which benefited from the European Savings Directive.

Operating costs evolved positively and amounted to EUR 46 million (-6%). This relates mainly to the change in scope following the divestments of the Turkish and Ukrainian Life operations in 2010. Excluding these divestments, operating cost increased 3%.

The **net profit after non-controlling interests** reached EUR 18 million, 58% up, compared to EUR 11 million last year, mainly explained by higher investment margins in the Portuguese Life activities and by the positive impact of the above mentioned divestments.

Life

Gross Life **inflows** amounted to EUR 669 million, a decline of 34% compared to the same period last year.

The difficult economic environment in Portugal continued to impact sales, a trend observed since the 2nd half of 2010. Inflows in the first quarter amounted to EUR 368 million compared to EUR 554 million in the same quarter last year (-34%).

Inflows in Luxembourg amounted to EUR 202 million, 38% lower than last year, but this compared to a particularly strong first quarter in 2010 boosted by the positive impact of the European Savings Directive on the sales of FOS unit-linked products. In France inflows were down 11% to EUR 90

million, entirely due to the cancellation of the distribution agreement with Fortis Banque France since the second quarter of 2010. An excellent performance through the broker's distribution channel resulted in a 13% increase in inflows but this could not entirely offset the loss.

Overall, the savings business has been impacted by important factors such as the economic situation but also competition from banks among others offering attractive yields on deposits. New business in savings products declined 74% to EUR 101 million. The Unit-linked business, which remains the largest business line, dealt with the difficult market conditions very well, with inflows of EUR 466 million, only 5% down on last year.

Life Funds under Management remained almost stable compared to the year-end at EUR 23.0 billion, of which EUR 14 billion relates to Unit-linked products. Average Funds Under Management were up 5% versus the same period last year.

Life operating margin improved substantially to EUR 42 million from EUR 31 million last year. Portugal was the main driver behind these improved margins despite lower inflows. This excellent performance was achieved by higher investment margins, pushed by higher bond yields in savings business and higher average Funds under Management.

Operating costs at EUR 27 million declined by 12% due to the change of scope following the divestments of Ukraine and Turkey. On a comparable basis operating costs increased by 1.5%, in line with inflation.

Net profit after non-controlling interests rose to EUR 17 million, a 60% increase compared to last year driven by the good performance in Portugal and restructurings of Ukraine and Turkey in 2010.

Non-Life

Non-Life **gross written premiums** reached EUR 120 million in the first quarter, in line with last year. Portugal contributed EUR 68 million, up 3% on the back of the strong performance of Médis, in a stagnating market driven by economic uncertainty.

The operations in Italy performed well with premium levels almost stable (EUR 52 million vs. EUR 54 million last year) during a period when substantial actions were taken to address profitability in Motor.

Accident and Health business remains the largest business line with a growth of 7% to EUR 70 million. This offsets lower inflows in Motor (EUR 24 million, down 15%), the

consequence of an increased focus on profitability in the Italian market. Fire and Other activities make up the remaining portion of the inflows.

The **operating margin** amounted to EUR 3 million (EUR 2 million last year), with both Portugal and Italy contributing to an improved performance driven by the Accident and Health business. The **combined ratio** of 99.4%, was slightly up compared to the first quarter last year (97.6%) but significantly better than the combined ratio in 2010 (101.5%). This improvement follows the action plans in place in Motor specifically in Italy.

Overall, **operating costs** were up 5%, in line with expectations. **Net profit after non-controlling interests** improved slightly to EUR 0.7 million (EUR 0.6 million last year), reflecting a better global technical performance in all activities.

Asia

Income Statement - Life

Asia - Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums	51.2	47.5	8%
Investment contracts without dpf	23.7	20.7	15%
Gross inflow Life	74.9	68.2	10%
Operating costs	(8.2)	(7.7)	6%
Technical result	8.3	4.8	72%
Allocated capital gains	0.4	0.7	(40%)
Operating margin	8.7	5.5	57%
Non-allocated other income and expenses	(3.1)	(2.7)	14%
Profit before taxation, consolidated entities	5.6	2.8	*
Profit before taxation, associates	17.7	15.6	13%
Income tax expenses	(0.5)	(0.5)	7%
Net profit attributable to non-controlling interests	-	-	*
Net profit attributable to shareholders	22.8	17.9	27%

Income Statement - Non-Life

Asia - Non-Life - in EUR million	Q1 11	Q1 10	Change
Gross written premiums Non-Life	-	-	*
Operating costs	-	-	*
Technical result	-	-	*
Allocated capital gains	-	-	*
Operating margin	-	-	*
Non-allocated other income and expenses	-	-	*
Profit before taxation, consolidated entities	-	-	*
Profit before taxation, associates	7.4	2.6	*
Income tax expenses	-	-	*
Net profit attributable to non-controlling interests	-	-	*
Net profit attributable to shareholders	7.4	2.6	*

Income Statement

Asia - in EUR million	Q1 11	Q1 10	Change
Gross inflow	74.9	68.2	10%
Operating costs	(8.2)	(7.7)	6%
Net profit attributable to shareholders	30.2	20.5	47%

■ **Inflows at EUR 1.7 billion, in line with last year's record first quarter (vs. EUR 1.8 billion in Q1 2010)**

- ◆ Life gross inflow at EUR 1.6 billion, down 5%, with emphasis shifting from single to regular premium sales
- ◆ Non-Life Gross Written Premiums at EUR 0.1 billion up 17%

■ **Net profit at EUR 30 million, +47% (vs. EUR 21 million in Q1 2010)**

- ◆ Life net profit after non-controlling interests at EUR 23 million, up 27%
- ◆ Non-Life net profit after non-controlling interests up to EUR 7 million (vs. EUR 3 million in Q1 2010)

Total **gross inflows** in the first quarter of 2011, including non-consolidated partnerships at 100%, reached EUR 1.7 billion, 4% down on last year. Taking into account the exceptional inflows from single premium campaigns last year, the commercial performance in the past quarter was strong. It was the second best quarter for growth recorded by the Asia business, consolidating the strong overall inflow levels of last year.

The **net profit after non-controlling interests** rose significantly to EUR 30.2 million, compared to EUR 20.5 million last year (+47%). Last year's net profit includes a restatement of EUR 8.3 million positive following the implementation of the new Chinese Accounting Standards, as already indicated last year. The technical result showed a satisfactory growth across all entities. The net profit, especially in Non-Life was somewhat supported by extraordinary tax recoveries in Malaysia.

Life

Total Life **gross inflows**, including non-consolidated partnerships at 100%, amounted to EUR 1.6 billion, down 5% on last year. Last year's first quarter inflows were significantly boosted by highly successful single premium campaigns in the bank channels in China and Malaysia, whereas the sales focus this quarter was directed toward regular premium product lines. Total regular premium inflow climbed to EUR 1.1 billion (up 34%). Renewal premiums have increasingly become the motor of sustainable growth, up 56% to EUR 789 million, following last year's outstanding production levels and the increasingly good persistency ratios across the region.

Gross inflows of the consolidated operations in **Hong Kong** reached EUR 75 million, a solid 10% up on last year. New business (APE) grew strongly by 45% to EUR 14 million, driven by a growing agency force and – more importantly – improved productivity in the agency channel, as well as growing sales volumes in the emerging IFA channel.

In **China**, gross inflows dropped 9% to EUR 1,14 billion. Last year Ageas's partnership realized extraordinary growth in inflows from a single premium campaign in the bank channel and a new regular premium product through the agency channel. Following the regulatory changes imposed by the Chinese banking regulator at the end of last year and the resulting change in landscape of the banking sector, production in the bank channel declined. Moreover, the monetary tightening in the wake of inflationary pressure has resulted in several banks focusing more on managing their liquidity and balance sheet. As a consequence, single premium production dropped 45% to EUR 399 million. For the agency channel, the first quarter was again strong with new business premiums on a par with last year. Overall new business premiums declined 35% compared to last year, entirely due to the drop in single premiums. This was however to a large extent compensated by the strong growth of renewal premiums to EUR 523 million (+76%), a direct result of last year's high production and the outstanding persistency ratios in all channels.

In **Thailand** inflows continue to grow strongly, +36% to EUR 212 million, with both new business premiums and renewal premiums up significantly. After last year's extraordinary growth, the bancassurance channel with Ageas's partner, KASIKORNBANK, increased new business premiums 17% to EUR 60 million, mainly through single premium products linked to mortgage loans and consumer loans. The agency channel strongly increased new business premiums to EUR 15 million, up 49%, outperforming all main competitors. Renewals were also up significantly to EUR 134 million or nearly 50%.

Inflows from eTiQa, the partnership with Maybank in **Malaysia**, fell 24% to EUR 140 million, with last year's inflow significantly supported by single premium production in the bank channels. Similar to China, banks this year focused more on growing their deposit base. Single premiums were down 40% to EUR 76 million, 54% of total inflow vs. 69% last year. New business regular premiums were up 40% to EUR 11 million.

IDBI Federal Life Insurance Company in **India** recorded gross inflows of EUR 45 million, 10% up compared to last year. The growth was entirely due to the increase of renewal premiums (+73% to EUR 22 million). New business premiums were down 19% to EUR 23 million, due to the impact that regulatory changes created in the unit linked and pension lines of business. Nevertheless, IDBI Federal managed to gain some market share compared to private sector competitors, thanks to the swift adaptation of its product portfolio to this new regime.

Funds under management in the consolidated operations remained stable at EUR 1.4 billion compared to end 2010. Including the non-consolidated partnerships, Funds under Management came down from EUR 16.9 billion end 2010 to

EUR 16.4 billion in the first quarter of 2011, due to the strengthening of the Euro against the Asian currencies.

The **net profit** after non-controlling interests amounted to EUR 22.7 million, compared to EUR 17.9 million last year (+27%).

The three main components were:

- ♦ The **consolidated operations** in Hong Kong reported a net profit of EUR 7.9 million compared to EUR 4.8 million last year. The increase was the result of improved technical results, combined with a very moderate growth of operating costs.
- ♦ The **non-consolidated partnerships** reported a very satisfactory profit growth year on year with a net profit of EUR 17.7 million, compared to EUR 15.6 million last year (+13%).
- ♦ **Other regional costs and income**, which amounted to EUR 2.9 million negative compared to a EUR 2.6 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 17% to EUR 128 million. Both partnerships performed well across all lines. Gross written premiums in Malaysia and Thailand achieved EUR 96 million (+16%) and EUR 32 million (+21%) respectively.

Net profit after non-controlling interests amounted to EUR 7.4 million, compared to EUR 2.6 million last year. The intrinsic operational performance and the technical result remained very strong with a combined ratio of 89.6%, and were additionally supported by some extraordinary profits (EUR 3 million).

General Account

Income Statement			
<i>in EUR million</i>	Q1 11	Q1 10	Change
Net interest Income	(2.3)	(3.7)	(37%)
Net fee and commission income	(0.4)	--	*
Insurance premiums (net)	(0.7)	-	*
Dividend income from investments	0.3	0.2	50%
Realised capital gains (losses) on investments	5.3	12.5	(57%)
Other capital gains	(264.6)	(344.5)	(23%)
Share of result of associates	(11.9)	(0.1)	*
Other income	(3.0)	(5.4)	(45%)
Total income	(277.3)	(341.0)	(19%)
Change in impairments and provisions	(0.4)	0.1	*
Net revenues	(277.7)	(340.9)	(19%)
Staff expenses	(4.0)	(4.8)	(16%)
Insurance claims and benefits (net)	1.5	-	*
Depreciation, amortisation and other expenses	(0.2)	(0.1)	*
Other operating and administrative expenses	(8.0)	(8.9)	(10%)
Total expenses	(10.7)	(13.8)	(22%)
Profit before taxation	(288.4)	(354.7)	(19%)
Income tax expenses	(0.1)	58.9	*
Net profit for the period	(288.5)	(295.8)	(2%)
Net profit attributable to non-controlling interests	(0.4)	(1.1)	(62%)
Net profit attributable to shareholders	(288.1)	(294.7)	(2%)

- **Net loss of EUR 288 million** (vs. EUR 295 million loss in Q1 2010)
- **Value call option on BNP Paribas shares stable at EUR 611 million**, up EUR 2 million on end 2010
- **Fair value of RPN(I) liability at EUR 722 million**, EUR 257 million up on end 2010
- **Net result Royal Park Investments of EUR 12 million negative**
 - ◆ Value equity investment decreased slightly to 913 million

The **General Account's** net result amounted to EUR 288 million negative for the first quarter, driven by an increase in the fair value of the RPN(I) liability of EUR 257 million compared to the end of 2010. This is mainly explained by an increase in the market price of the CASHES financial instrument from 50% end 2010 to 63% as at the end of March. At the end of March 2011 the fair value of the RPN(I) liability amounted to EUR 722 million.

The periodic revaluation of the call option on the BNP Paribas shares resulted in a value of EUR 611 million, stable compared to EUR 609 million end 2010. The 8% higher BNP Paribas share price was off set by lower implied volatility

(from 33% to 30%) and by a higher market consensus for BNP Paribas dividend yield (from 5.29% to 5.53%).

The net result under IFRS of Royal Park Investments (RPI) amounted to a loss of EUR 12 million. The value of the Equity investment, including fair value movements of interest rate swaps, decreased slightly to EUR 913 million. Other elements in the General Account include a realised capital gain of EUR 5 million from the investment portfolio partly offset by a net interest cost of EUR 2 million. Staff and other operating and administrative expenses were 12% lower compared to last year at EUR 12 million.

Fair value of RPN(I)

Mechanism

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

Each quarterly payment is determined as the average of the interest payments at an annual rate of 3-months EURIBOR plus 20 basis points to be made on a reference amount, the so called RPN, as calculated on each trading day. The reference amount is based on the evolution of the market prices of the CASHES, a hybrid debt instrument issued by Fortis Bank SA/NV with Ageas SA/NV and Ageas N.V. as co-obligors, and the Ageas share price. If the reference amount is positive, Fortis Bank SA/NV pays interest on the reference amount to Ageas. If it is negative, Ageas pays interest on the reference amount to Fortis Bank SA/NV. The RPN(I) is therefore similar in principle to a floating nominal, floating rate loan between Ageas and Fortis Bank.

The interest payments by Ageas on this loan are guaranteed by the Belgian State. The guarantee is provided by the State in return of a quarterly payment by Ageas to the State of a fixed spread of 70 basis points on the RPN reference amount. Ageas accounts for the value of future guarantee payments in the fair value of the RPN(I).

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas has adopted a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. On 31 March 2011, the total cost for RPN(I) amounted to EUR 722 million out of which EUR 621 million related to the RPN(I) liability itself and EUR 101 million related to the guarantee arrangements between Ageas, the Belgian State and Fortis Bank. This compares to a total amount of EUR 465 million at the end of December 2010, or a negative impact on the first quarter net result of EUR 257 million. The RPN(I) result is recorded under '*Other capital gains*'.

The increase in fair value since the beginning of the year resulted from (i) a substantial increase of the reference amount (RPN) between end 2010 and 31 March 2011 (+ EUR 207 million), (ii) lower spreads (-55 bps) on perpetual debt instruments (+ EUR 48 million) and (iii) different market conditions, including higher interest rates (+ EUR 2 million).

Reference values

On 31 March 2011 the CASHES closed at 62.8% and the Ageas's share price at EUR 2.01. This resulted in an increase of the reference amount's (the so called Relative Performance Note or RPN accounted at Fortis Bank) absolute value to (negative) EUR 983 million, from (negative) EUR 642 million on 31 December 2010 (+53%).

On 31 March 2011, 3-month EURIBOR stood at 1.24%. The total interest payment to Fortis Bank over the first quarter amounted to EUR 2.5 million. The total amount paid to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 1.4 million.

Assumptions and sensitivities

See note 19 of the Q1 2011 Consolidated Interim 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 March 2011, the estimated value of the 121.2 million BNP Paribas options amounts to EUR 611 million, compared to EUR 609 million at year end 2010.

The value remained almost stable due to the impact of an 8% increased BNP Paribas' share price combined with a volatility that came down from 33% to 30% and an increase in the market consensus regarding the BNP Paribas dividend yield rose from 5.29% to 5.53%.

The following table provides an overview of the main parameters used to value the option, including a comparison between the assumptions used on 31 December 2010.

	31 March 2011	31 December 2010
BNP Paribas shareprice	EUR 51.61	EUR 47.685
Strike price	EUR 66.672	EUR 66.672
Volatility	30%	33%
Dividend yield	5.53%	5.29%
Price per option up to 10 October 2016	EUR 7.199	EUR 7.180
Theoretical value of 121.2 million options	EUR 873 million	EUR 870 million
Estimated value, after adjustment for non standard features (30%)	EUR 611 million	EUR 609 million

Sensitivities

The applied volatility and the dividend yield assumptions have a significant influence on the value of the options. A change in volatility of 5% results in a 28% change in the theoretical value of the option. A decrease of the dividend yield to 5%, the other parameters remaining equal, results in a 7% increase of the theoretical value of the options, while an increase of the dividend yield to 6% results in a 7% decrease of the theoretical value of the options, all other parameters kept equal.

Royal Park Investments (RPI)

The first quarter result of RPI at 100% and before an impairment test of the goodwill amounted to EUR 493 million net profit. This was primarily driven by the positive development of the marked-to-market valuation of the security portfolio as a result of decreasing interest spreads for these securities. 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 periodic review of the performance going forward of the portfolio, the expected cash flows have remained more or less stable but were impacted by lower US dollar exchange rates.

This led to a slightly lower value in use for RPI compared to end 2010, which has led to the decision to impair EUR 520 million on the goodwill. RPI's net result under IFRS at 100%, including impairment of goodwill, amounted to EUR 26 million negative or Ageas's share of EUR 12 million negative. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. All fair value movements flow through equity and slightly decreased the equity value as per 31 March by EUR 18 million at 100% or EUR 8 million for Ageas. As a result of both elements, Ageas's equity investment in RPI decreased from EUR 933 million end 2010 to EUR 913 million.

Hereafter an update of RPI's balance sheet under IFRS :

in EUR million	IFRS	IFRS
	31-03-11	31-12-10
Assets		
Securities	7,051	7,005
Deferred tax assets	450	681
Goodwill	847	1,367
Other assets	244	264
Total Assets	8,591	9,317
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	24	86
Commercial paper	4,387	4,585
Funding, super senior	1,619	2,040
Funding, senior	519	519
Total Liabilities	6,549	7,230
Shareholders' equity		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Cash Flow hedge reserves	75	94
Retained earnings	267	294
Total shareholders' equity	2,042	2,087
Total Liabilities and shareholders' equity	8,591	9,317

At the end of March 2011, the fair value of the loan portfolio was stable at EUR 7 billion versus end 2010 while total debt came down from EUR 7.2 billion to EUR 6.5 billion.

Total net interest payments and principal collections in the first quarter of 2011 amounted to EUR 37 million and EUR 308 million respectively.

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

Other items General

Net interest income amounted to EUR 2 million negative, EUR 1 million less negative than the first quarter of last year. Net interest income is the difference between the interest income received on the deposits, the bank accounts and loans to group companies, off set by the interest payments on the RPN(I), EMTN program and the FRESH. The lower net interest charge is due to decreased funding costs on the

EMTN program that is gradually being paid down. The outstanding nominal amount for the EMTN decreased from EUR 549 million at year end 2010 to EUR 484 million at the end of the first quarter.

Realised capital gains (losses) on investments came down from EUR 12 million last year to EUR 5 million. In the first quarter of 2010 a capital gain of EUR 12 million was booked on the sale of the Luxembourg Non-Life activities to La Baloise.

Total expenses came down 12% from EUR 14 million to EUR 12 million as a result of the scale down of the corporate centre.

Contingent liabilities

Please refer to note 28 of the Q1 2011 Consolidated Interim Financial Statements for the entire section of "Contingent liabilities". No material new elements emerged since the publication of our annual report on the 17th of March 2011.

Net Cash position

The main elements of the statement of financial position of the General Account are summarized in the table below :

<i>in EUR million</i>	31 March 11	31 Dec 10
Cash and cash equivalents	999	2,259
Due from banks short term	1,600	500
Due to banks short term	-	-
Debt certificates	(483)	(549)
Net cash position	2,116	2,210
Due from customers	1,251	1,228
Due from banks long term	908	942
Due to banks long term	-	-
Subordinated liabilities	(2,928)	(2,961)
Other borrowings	(95)	(100)
Receivable on balance	(864)	(891)
Accruals and other	917	1,174
Equity General Account	2,169	2,493

The net cash position of the General Account on 31 March 2011, assuming full redemption of the European Medium Term Notes (EMTN) programme, came down from EUR 2.2 billion end 2010 to EUR 2.1 billion including EUR 1.6 billion invested in short term bank deposits. The decrease of the net cash position is mainly explained by the additional funding provided to the UK to finance the acquisition of Castle Cover.

The General Account equity decreased from EUR 2.5 billion to EUR 2.2 billion preliminary caused by the sharp increase of the RPN(I) liability and the subsequent negative Group result.

At the end of March, **discretionary capital** fell from EUR 0.5 billion end of December 2010 to EUR 0.2 billion, mainly as a result of the increased fair value of the RPN(I) liability .

Investment portfolio and capital position

Investment portfolio

Ageas's investment portfolio recorded as 'available for sale' under IFRS at fair value end of March amounted to EUR 58.7 billion compared to EUR 59.8 billion end 2010. New inflows only partially compensated the drop of the fair value of fixed income securities.

The asset mix remained fairly stable compared to end 2010 with nearly 90% invested in fixed income securities, 4% in equities and the remaining part in real estate. 97% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

End of March Ageas's unrealized gains and losses on its investment portfolio was around breakeven compared to an unrealized gain of EUR 1.1 billion end 2010 following the trend of rising interest rates. This trend impacted both the value of government and corporate bonds.

The table below provides a breakdown of Ageas's Available For Sale (AFS) investment portfolio and its real estate exposure, both at fair value.

Available for sale portfolio plus real estate at market value	in EUR billion		as %	
	31 March 11	31 Dec 10	31 March 11	31 Dec 10
Fixed Income securities	52.4	53.6	89%	90%
- Government debt securities	31.8	32.3	54%	54%
- Corporate debt securities	20.2	20.9	34%	35%
- Structured credit instruments	0.4	0.4	1%	1%
Equity securities	2.4	2.3	4%	4%
Real estate investment property	2.5	2.5	4%	4%
Real estate for own use	1.4	1.4	3%	2%
Total	58.7	59.8	100%	100%

Fixed income portfolio

During the first quarter no major shifts in the composition of the fixed income portfolio took place.

At the end of March Ageas reported an unrealized loss on government bonds of EUR 1.3 billion compared to an unrealized loss of EUR 0.5 billion end 2010. The adverse evolution is mainly due to the Belgian, French, Portuguese and German bonds. On corporate bonds, net unrealized gains fell from EUR 0.5 billion to EUR 0.1 billion.

At amortized cost, the investments in government bonds increased slightly from EUR 32.8 billion end 2010 to EUR 33.1 billion end of March. Investments in Belgium, Austria and France went up while investments in Portugal, the Netherlands and Finland fell. The total overall gross sovereign exposure to Southern European countries end of March at amortized cost came down slightly from EUR 8.9 billion to EUR 8.7 billion.

The net exposure, taking into account non-controlling interests in Belgium and Portugal, amounts to EUR 6 billion.

Investments in corporate bonds fell both at amortized cost and fair value as a result of lower unrealized gains and a slight decrease of the total investments in corporate bonds. The quality of the corporate bond portfolio remains very high, with more than 98% still being investment grade. 86% rated A or higher and 65% AA or AAA.

Equities portfolio

The equities investments were slightly higher at EUR 2.4 billion at the end of March despite the natural catastrophe in Japan which led to increased volatility on the financial markets and triggered the CPPI-protection mechanism and subsequent divestments in Belgium. Gross unrealized gains went slightly up to EUR 149 million even after the realisation of capital gains.

Real estate portfolio

The total value of Ageas's real estate portfolio remained stable at EUR 3.9 billion market value, split in EUR 2.5 billion in investment property and EUR 1.4 billion in buildings for own use. Gross unrealized capital gains increased to EUR 1.0 billion end of March. The unrealized gain is not reflected in net equity, as real estate exposure is booked at amortised cost.

The total available capital in the General Account amounts to EUR 1.6 billion, compared to EUR 1.8 billion end 2010. The decrease is explained by the first quarter 2011 net negative result.

For more details on the key capital indicators by segment see annex 5 (pg. 32)

Reconciliation of shareholders' equity with total capital

We refer to note 4 of the Consolidated Interim Financial Statements for the reconciliation between shareholders' equity and total capital and the view of the National Bank of Belgium on Ageas's solvency.

Capital position

Ageas's total available capital (including the General Account) amounted to EUR 7.8 billion on 31 March 2011 and exceeded the total consolidated regulatory minimum requirements of the insurance operations by EUR 4.7 billion. Total available capital of the insurance activities amounted to EUR 6.2 billion, with minimum solvency requirements stable at EUR 3.1 billion. This represents a total solvency ratio for the global insurance operations of 201% compared to 227% at the end of last year. The decreased overall solvency is explained by lower solvency ratios in Belgium (177%) and Continental Europe (198%) following the significantly higher unrealized losses on fixed income securities impacting both segments solvency. The solvency ratio in the United Kingdom decreased from 389% to 247% driven by the Tesco business.

Analyst & Investor conference call :

18 May 2011 at 09.30 CET (08.30 UK time)

Audiocast: www.ageas.com

Listen only (Access code 160624#):

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18 June 2011 (Access Code: 363153#)

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

No Press conference has been foreseen

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 management statement 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 March 2011

	31 March 2011	31 December 2010
Assets		
Cash and cash equivalents	2,410.3	3,258.3
Financial investments	55,128.9	56,232.5
Investment property	1,924.4	1,900.3
Loans	5,580.0	4,528.2
Investments related to unit-linked contracts	21,610.2	21,747.3
Investments in associates	1,739.6	1,732.5
Reinsurance and other receivables	4,209.6	3,828.5
Current tax assets	74.4	71.5
Deferred tax assets	774.6	465.1
Call option BNP Paribas shares	611.0	609.0
Accrued interest and other assets	2,022.9	2,042.5
Property, plant and equipment	1,088.9	1,065.0
Goodwill and other intangible assets	1,701.4	1,686.0
Assets held for sale	310.1	
Total assets	99,186.3	99,166.7
Liabilities		
Liabilities arising from life insurance contracts	24,028.4	23,938.4
Liabilities arising from life investment contracts	27,194.1	26,913.8
Liabilities related to unit-linked contracts	21,694.0	21,830.9
Liabilities arising from non-life insurance contracts	5,602.2	5,448.6
Debt certificates	483.5	548.9
Subordinated liabilities	2,888.9	2,926.9
Borrowings	2,085.2	2,141.7
Current tax liabilities	73.4	46.4
Deferred tax liabilities	673.5	682.3
RPN(I)	722.0	465.0
Accrued interest and other liabilities	2,252.4	1,947.0
Provisions	2,407.2	2,407.6
Liabilities related to assets held for sale	169.7	
Total liabilities	90,274.5	89,297.5
Shareholders' equity	7,446.2	8,247.1
Non-controlling interests	1,465.6	1,622.1
Total equity	8,911.8	9,869.2
Total liabilities and equity	99,186.3	99,166.7

* Q1 2010 accounts have been restated following new reporting segmentation and changed accounting rules in China

Annex 2 : Income Statement

	First quarter 2011	First quarter 2010
Income		
- Gross premium income	2,617.0	2,561.3
- Change in unearned premiums	(267.1)	(142.1)
- Ceded earned premiums	(80.2)	(68.1)
Net earned premiums	2,269.7	2,351.1
Interest, dividend and other investment income	750.6	736.9
Unrealised gain (loss) on Call option BNP Paribas shares	2.0	(220.0)
Unrealised gain (loss) on RPN(I)	(257.0)	(126.0)
Realised and unrealised gains and losses	60.6	74.6
Investment income related to unit-linked contracts	118.6	562.7
Share of result of associates	16.0	19.1
Fee and commission income	113.6	99.2
Other income	50.3	41.3
Total income	3,124.4	3,538.9
Expenses		
- Insurance claims and benefits, gross	(2,355.0)	(2,529.9)
- Insurance claims and benefits, ceded	50.1	33.9
Insurance claims and benefits, net	(2,304.9)	(2,496.0)
Charges related to unit-linked contracts	(117.2)	(545.4)
Finance costs	(78.8)	(70.1)
Change in impairments	(6.2)	(3.3)
Change in provisions	0.4	1.9
Fee and commission expense	(302.7)	(264.0)
Staff expenses	(180.0)	(168.0)
Other expenses	(192.3)	(181.7)
Total expenses	(3,181.7)	(3,726.6)
Profit before taxation	(57.3)	(187.7)
Income tax expenses	(51.6)	21.3
Net profit for the period	(108.9)	(166.4)
Attributable to non-controlling interests	44.7	34.7
Net profit attributable to shareholders	(153.6)	(201.1)
Per share data (EUR)		
Basic earnings per share	(0.06)	(0.08)
Diluted earnings per share	(0.06)	(0.08)

Annex 3 : Comparable inflow data

By segment						
in EUR million	Q1 11	Q1 10	%	FY 10	FY 09	%
Belgium						
Gross written premiums	1,222	1,109	10%	4,529	4,769	(5%)
Investment contracts without DPF	88	206	(57%)	589	583	1%
Gross inflow Life	1,311	1,316	(0%)	5,118	5,352	(4%)
Gross written premiums Non-Life	511	483	6%	1,591	1,515	5%
Total inflow Belgium	1,822	1,799	1%	6,709	6,867	(2%)
United Kingdom						
Gross written premiums	10	5	*	28	10	*
Investment contracts without DPF	-	-	*	-	-	*
Gross inflow Life	10	5	*	28	10	*
Gross written premiums Non-Life	471	260	81%	1,179	903	31%
Total inflow United Kingdom	481	265	82%	1,207	913	32%
Continental Europe						
Gross written premiums	232	538	(57%)	1,749	1,601	9%
Investment contracts without DPF	437	472	(8%)	1,741	2,104	(17%)
Gross inflow Life	669	1,010	(34%)	3,490	3,705	(6%)
Gross written premiums Non-Life	120	119	0%	443	236	87%
Total inflow Continental Europe	789	1,129	(30%)	3,933	3,941	(0%)
Asia						
Gross written premiums	51	47	8%	233	215	8%
Investment contracts without DPF	24	21	15%	102	82	24%
Gross inflow Life	75	68	10%	335	297	13%
Gross written premiums Non-Life	-	-	*	-	-	*
Total inflow consolidated entities	75	68	10%	335	297	13%
Non-consolidated partnerships at 100%	1,665	1,741	(4%)	5,759	3,774	53%
Total inflow Asia	1,740	1,809	(4%)	6,094	4,071	50%
Total inflow	4,832	5,002	(3%)	17,943	15,792	14%

By type						
in EUR million	Q1 11	Q1 10	%	FY 10	FY 09	%
Life						
Belgium	1,311	1,316	(0%)	5,118	5,352	(4%)
United Kingdom	10	5	*	28	10	*
Continental Europe	669	1,010	(34%)	3,490	3,705	(6%)
Asia	1,612	1,700	(5%)	5,578	3,689	51%
Fully consolidated	75	68	10%	335	297	13%
Non-consolidated partnerships at 100%	1,537	1,632	(6%)	5,243	3,392	55%
Total inflow Life	3,602	4,031	(11%)	14,214	12,756	11%
Non-Life						
Belgium	511	483	6%	1,591	1,515	5%
United Kingdom	471	260	81%	1,179	903	31%
Continental Europe	120	119	1%	443	236	88%
Asia	128	109	17%	516	382	35%
Fully consolidated	-	-	*	-	-	*
Non-consolidated partnerships at 100%	128	109	17%	516	382	35%
Total gross written premiums Non-Life	1,230	971	27%	3,729	3,036	23%
Total inflow	4,832	5,002	(3%)	17,943	15,792	14%

Annex 4 : Inflows per region

Key Figures per region		Gross written premiums											
in EUR million		Gross inflow Life				Non- Life				Total			
	% ownership	Q1 11	Q1 10	FY 10	FY 09	Q1 11	Q1 10	FY 10	FY 09	Q1 11	Q1 10	FY 10	FY 09
Belgium	75%	1,311	1,316	5,118	5,352	511	483	1,591	1,515	1,822	1,799	6,709	6,867
United Kingdom	100%	10	5	28	10	471	260	1,179	903	481	265	1,207	913
Continental Europe		669	1,010	3,490	3,705	120	119	443	236	789	1,129	3,934	3,941
Portugal	51%	368	554	1,724	2,163	68	66	230	214	436	620	1,955	2,377
France	100%	89	100	375	335	-	-	-	-	89	100	375	335
Luxembourg	50%	202	327	1,293	1,102	-	-	-	22	202	327	1,293	1,124
Ukraine	100%	-	0	2	2	-	-	-	-	-	-	2	2
Germany	100%	10	12	45	41	-	-	-	-	10	12	45	41
Turkey	100%	-	16	51	62	-	-	-	-	-	16	51	62
Italy	25%	-	-	-	-	52	54	213	-	52	54	213	-
Russia	100%	-	-	-	0	-	-	-	-	-	-	-	-
Asia		1,612	1,700	5,578	3,689	128	109	516	382	1,740	1,809	6,093	4,071
Consolidated entities													
Hong Kong	100%	75	68	335	297	-	-	-	-	75	68	335	297
Non-consolidated partnerships at 100%													
Malaysia	31%	140	185	717	498	96	83	405	293	236	268	1,121	791
Thailand	31%/15%	212	156	714	456	32	26	111	89	244	182	825	545
China	25%	1,140	1,250	3,681	2,371	-	-	-	-	1,140	1,250	3,681	2,371
India	26%	45	41	131	67	-	-	-	-	45	41	131	67
Grand Total		3,602	4,031	14,214	12,756	1,230	971	3,729	3,036	4,832	5,002	17,943	15,792

Annex 5 : Solvency by region

Key Capital Indicators	31 March 11	31 Dec 10
Belgium		
Shareholders' equity	2,282	2,632
Total available capital	3,880	4,276
Minimum solvency requirements	2,188	2,163
Amount of total capital above minimum solvency requirements	1,692	2,113
Total solvency ratio	177%	198%
United Kingdom		
Shareholders' equity	751	776
Total available capital	667	745
Minimum solvency requirements	270	192
Amount of total capital above minimum solvency requirements	397	553
Total solvency ratio	247%	389%
Continental Europe		
Shareholders' equity	852	893
Total available capital	1,111	1,189
Minimum solvency requirements	562	562
Amount of total capital above minimum solvency requirements	549	627
Total solvency ratio	198%	211%
Asia		
Shareholders' equity	1,378	1,440
Total available capital	521	547
Minimum solvency requirements	53	56
Amount of total capital above minimum solvency requirements	468	491
Total solvency ratio	984%	978%
Total Insurance		
Shareholders' equity	5,263	5,741
Total available capital	6,179	6,757
Minimum solvency requirements	3,073	2,973
Amount of total capital above minimum solvency requirements	3,106	3,784
Total solvency ratio	201%	227%
General Account (after eliminations)		
Shareholders' equity	2,183	2,506
Total available capital	1,596	1,794

Annex 6 : Government bond investment portfolio as per 31 March 2011 (reported under 'Available for Sale')

in EUR million

	Historical / Amortised value		Gross unrealised gains (losses)	
	31 March 11	31 Dec 10	31 March 11	31 Dec 10
Belgium	10,410.0	9,948.1	(33.0)	128.0
The Netherlands	1,212.9	1,288.2	7.3	48.0
Germany	2,567.6	2,628.8	43.7	149.9
Italy	3,701.3	3,683.4	(148.2)	(110.3)
France	4,271.6	4,069.6	(35.3)	92.4
Great Britain	538.4	600.4	4.9	12.8
Greece	1,830.0	1,832.0	(626.0)	(624.1)
Spain	1,712.0	1,730.0	(115.8)	(129.0)
Portugal	1,477.8	1,654.2	(266.6)	(142.4)
Austria	2,593.4	2,543.2	2.3	81.4
Finland	665.9	740.5	(10.0)	14.8
Ireland	599.3	599.1	(154.4)	(109.7)
Others	1,502.9	1,524.4	17.2	48.4
Total	33,083.1	32,841.9	(1,313.9)	(539.8)