Annual Report
2010

Message of the Chairman and CEO of Ageas

Report of the Board of Directors of Ageas

Consolidated Financial Statements of Ageas

ageas SA/NV Company Financial Statements

ageas N.V. Company Financial Statements

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Brussels | Utrecht

8 March 2011

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Introduction

The Ageas Annual Report 2010 includes the Report of the Board of Directors of Ageas, the Ageas Consolidated Financial Statements 2010, with comparative figures for 2009, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the Financial Statements of ageas SA/NV, prepared in accordance with the legal and regulatory requirements applicable in Belgium and the Financial Statements of ageas N.V., prepared in accordance with the legal and regulatory requirements applicable in the Netherlands.

All amounts in the tables of this Annual Report are denominated in millions of euros, unless stated otherwise.

Message of the Chairman and CEO of Ageas

Message to the shareholders

Dear Shareholders,

2010 is the year in which the former Fortis became Ageas. While Ageas is a new name in the market, it is one that has quickly achieved brand recognition as an international insurance company in the markets in which it operates.

More broadly, however, 2010 has also been a year in which the financial markets have continued to feel the full effect of the fall-out from the financial crisis. The focus of attention shifted to Europe where concerns about the sustainability of certain European economies were exacerbated by opportunistic moves against the Euro. The economic crisis that has engulfed Europe, fuelled by fears of rising government deficits and levels of debt, resulted in a major lack of confidence in Europe. And economic contagion spread quickly from Greece to other countries within the Euro-zone, in particular the other economies of Southern Europe.

We are a company focused on Europe and Asia, and as such we are clearly not immune from the impact of these critical events. Ageas responded to the crisis by reducing substantially its exposure to Southern European government bonds and by investing more into the other geographies while seeking out attractive yields and ways to sustain future profitability.

While we remain exposed to current uncertainties, our efforts in this area are on-going. The Board and Management of Ageas continue to monitor the situation carefully to ensure that the profile of the portfolio and the way it is managed reflects the long term nature of the liabilities to our policyholders.

Despite these difficult market conditions, Ageas's insurance operations delivered a strong commercial and financial performance in 2010 across all regions, but particularly in Asia and the UK. While the financial performance of our insurance activities was resilient, it remained overall short of our expectations and financial targets. On group level, our net profit was impacted by a non-cash charge related to the legal disputes with the Dutch State, more specifically the MCS financial instrument.

Ageas has also suffered from a heavy increase in weather related claims particularly in the UK and Belgium. While storms, floods, snow and ice are difficult to predict with any certainty, they are de facto increasing in their frequency and becoming the norm and as a result we are continuing to review our policies and pricing to reflect the higher frequency and severity of weather related events.

At the same time, we continue to make good progress in streamlining and developing our insurance portfolio against the strategy announced in 2009. We have for instance divested our Ukrainian operations, acquired Kwik-Fit Insurance Services in the UK, and started underwriting for Tesco Bank across an expanded product range. We have also made important progress in delivering on our promise to simplify our structure and organisation.

Legacy issues remain a reality for Ageas and this will be the case for some time to come. The report of the Dutch experts was finally published in June. The investigators were not critical of the ABN AMRO acquisition, and they concluded the events of September/October 2008 could not be isolated from the general financial crisis and the deals agreed represented the best possible outcome under the circumstances. The investigators did, however, criticise the way in which the former Fortis communicated on certain occasions in the intermediate period.

We welcome the report as a step forward in removing some of the uncertainty relating to these events, but at the same time new legal proceedings have been initiated by certain parties on the basis of the report. Meanwhile we continue to forcefully defend the company and the interests of the shareholders on all outstanding issues and legal proceedings, as illustrated by the recent judgement in respect of the FRESH financial instrument.

One of the most significant legacy issues is related to the Mandatory Convertible Securities (MCS) to which the Management and Board devoted much time and effort given its potential impact. Ageas converted the securities into Ageas shares in accordance with the contractual commitments agreed to and consequently requested that ABN AMRO Bank and ABN AMRO Group would issue shares to Ageas for an amount of EUR 2 billion or compensation equal to that amount. When this failed to materialise Ageas initiated legal proceedings against ABN AMRO N.V. to preserve the rights and interests of shareholders. The Dutch State, owner of ABN AMRO, has communicated its intention to issue two counter claims, which Ageas will contest. At the start of 2011, we remain open to continuing discussions with the Dutch State with a view to agreeing an out of court settlement but for now the issues remain unresolved.

Overall, we remain of the opinion, that the most effective way to improve the value of shareholder's investments is to vigorously defend the company in all legal proceedings and to continue to proactively look for ways to optimise the outcome of the various outstanding legacy issues and remove the related uncertainties.

This will not distract us from operating our core business and delivering strong business results. We remain strongly capitalised and fundamentally sound with a solid cash buffer allowing us to resist significant shocks. However, we are committed to managing our capital in a disciplined way, ensuring long term value creation.

From a governance perspective, the Board of Directors published a strengthened Governance Charter and proposed to shareholders the appointment of two new Board Directors, Bridget F. McIntyre and Belén Romana. Their endorsement by shareholders has enabled us to complement the skills and expertise that already exist within the Board. Ageas has also delivered on its commitment to improve communications and to provide full transparency to the market on all legacy issues.

We are grateful to our employees for their hard work and dedication in the past year. At the same time, we take this opportunity to thank our customers, our valued partners and of course our shareholders for their continued commitment and belief in Ageas. We will continue to do everything in our power to deliver value for our shareholders in 2011.

Jozef De Mey	Bart De Smet
Chairman	CEO

Report of the Board of Directors of Ageas

Report of the Board of Directors of Ageas

ageas SA/NV and ageas N.V. are the two parent companies of Ageas. They head Ageas, which in turn comprises a number of subsidiary companies engaged in Insurance. This report of the Board of Directors includes the Corporate Governance Statement (included in part 2) in accordance with the Belgian and Dutch Corporate Governance Code (in accordance with respectively article 96 of the Belgian Companies Code and article 391.3 Title 9 Book 2 of the Dutch Civil Code). In anticipation of the entering into force of the law of 6 April 2010 on the reinforcement of corporate governance in listed companies, the Report of the Remuneration Committee is already incorporated in the Corporate Governance Statement.

1 Developments and results

1.1 Developments

2010 was another exciting year for Ageas. In 2010, the former Fortis became Ageas. As an international insurance company focused on Europe and Asia, Ageas was not immune for the impact of the financial crisis and the subsequent lack of confidence in Europe. Ageas reacted quickly to the crisis by reducing substantially its exposure to South European government Bonds.

Ageas also suffered from the heavy increase in weather related claims particularly in the UK and Belgium.

Despite difficult market conditions, Ageas delivered a strong commercial and resilient financial performance in 2010 and the company remains very well capitalised and fundamentally sound with a strong cash buffer.

At the same time, Ageas continued to further streamline and develop its insurance activities portfolio in line with its new strategy as announced in 2009. Ageas has for instance divested its Ukrainian and Turkish Life operations, acquired Kwik Fit Insurance Services in the UK, and started underwriting for Tesco Bank across an expanded product range (please refer to the Ageas Corporate presentation for more information on the Ageas strategy: http://www.ageas.com/Documents/Ageas_Corporate_Presentation.pdf).

Legacy issues remain a reality for Ageas and this will be the case for some time to come. Details on the legacy issues can be found in note 35 and 52 of the Consolidated Financial Statements.

From a governance perspective, the Board of Directors published a strengthened Corporate Governance Charter, introduced a new remuneration policy, approved by the shareholders in April 2010, and appointed two new Board Directors, Bridget F. McIntyre and Belén Romana.

Ageas has also delivered on its commitment to improve communications and to provide full transparency to the market on all legacy issues.

In the course of 2010, Ageas substantially simplified its legal structure: Fortis Brussels SA/NV was liquidated and Ageas Insurance N.V. and Ageas Utrecht N.V. were merged into Ageas Insurance International N.V. The latter becoming the legal entity holding of all the operational insurance activities.

However, one of the most significant events with an impact on Ageas in 2010 related to the Mandatory Convertible Securities (MCS). Ageas converted the securities into Ageas shares in accordance with the contractual commitments agreed to and consequently requested that ABN AMRO Bank and ABN AMRO Group would issue shares to Ageas for an amount of EUR 2 billion or compensation equal to that amount.

When this failed to materialise Ageas initiated legal proceedings against ABN AMRO N.V. to preserve the rights and interests of shareholders. The Dutch State, owners of ABN AMRO N.V., expressed in writing two counter claims, which Ageas will contest. At the start of 2011, we remain open to continuing discussions with the Dutch State with a view to agreeing an out of court settlement, but for now the issue remains unresolved.

1.2 Results and solvency

The Group net result amounts to EUR 223 million and breaks down into a net Insurance profit of EUR 391 million and a net negative result of the General Account of EUR 168 million.

The General Account segment reported a net loss of EUR 168 million for 2010, including a non-cash charge of EUR 203 million under IFRS related to the conversion of the Mandatory Convertible Securities (MCS) financial instrument and to the legal disputes with the Dutch State.

The charge corresponds to the fair value of the liability for the MCS, calculated as the contractually foreseen number of shares issued (106,723,569) multiplied by Ageas's opening share price of EUR 1.90 at conversion date, i.e. 7 December 2010. At the same time a claim of Ageas on ABN AMRO Bank N.V. has been recognised for an amount of EUR 2 billion, based on the original agreement between all issuing parties of the MCS. Awaiting further evolutions in the legal disputes with the Dutch State, a provision has been recorded for the same amount. The impact of the non-cash net charge on the General Account's equity has been neutralised by a capital increase for the same amount following the issuance of the 106.7 million shares at conversion date.

Following the liquidation of Brussels Liquidation Holding (previously Fortis Brussels sa/nv), Ageas has recognised in the course of 2010 deferred tax assets totalling EUR 405 million, among others offsetting the deferred tax liabilities previously recognised on the value of the call option on the BNP Paribas shares. However, the periodic revaluation of the call option on the BNP Paribas shares resulted in a value of EUR 609 million compared to EUR 880 million end 2009. This decrease is driven by a lower BNP Paribas' share price and a higher dividend yield. With respect to the execution of the call option, Ageas took the decision in the course of the year to shift in principle to a gradual exercise strategy based on a disciplined methodology. As a result Ageas decided to abandon a discount on the volatility assumption used for valuing the call option.

The fair value of the RPN(I) mechanism has moved from EUR 316 million end 2009 to EUR 465 million at the end of 2010, or a negative impact of EUR 149 million. This amount can be broken down into (i) EUR 83 million reflecting the increase of the net discounted value of the estimated quarterly interest payments and (ii) an additional liability of EUR 66 million related to the guarantee agreement between the Belgian State and Ageas. With respect to the latter, Ageas decided in the course of 2010 to fine-tune its RPN(I) valuation model and to include the estimated net discounted value of the Belgian State Guarantee in the fair value of the RPN(I).

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The net profit of Royal Park Investments (RPI) before impairment test of goodwill and based on 100% for 2010 amounted to EUR 653 million. This was primarily driven by the positive development of the marked-to-market valuation of the security portfolio. As a result, RPI's 2010 net result under IFRS, at 100%, amounted to EUR 294 million with Ageas's part (44.7%) being EUR 131 million. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas's equity investment in RPI increased from EUR 760 million to EUR 933 million.

The net result of the General Account also included a net capital gain of EUR 7 million realised on the respective divestments in 2010 of the Non-Life operations in Luxembourg and the Life operations of Ukraine and Turkey.

The recurring elements of the General Account mainly relate to the net interest result on the net cash position and long term debt, staff costs and other operating and administrative expenses. These costs totalled EUR 74 million in 2010 compared to EUR 98 million in 2009. Net interest income turned negative in 2010 because of a lower average net cash position and lower returns, while operating costs nearly halved year on year.

Ageas's Insurance net profit after non-controlling interest amounted to EUR 391 million compared to EUR 505 million in 2009. As a result of the introduction of the new reporting structure in 2010 and the implementation of the new local accounting principles in China, the 2009 net Group result and the net Insurance result has been restated from EUR 1,192 million and EUR 456 million respectively to EUR 1,210 million and EUR 505 million. The difference in Insurance relates to the positive impact of EUR 18 million following the applied change in accounting principles in China and a reallocation of regional costs from the Insurance operations to the General Account (EUR 31 million).

The lower 2010 net Insurance result is due to higher non-controlling interests in Belgium being EUR 23 million higher, following the acquisition of a 25% stake by Fortis Bank in AG Insurance in May 2009 and the non-recurring positive tax impact of EUR 94 million included in the 2009 net result. The combined impact explains to a large extent the negative variance between the 2010 and 2009 net result.

The 2010 net result breaks down into a net profit of EUR 264 million in Belgium, EUR 51 million in Continental Europe and EUR 93 million in Asia while the UK operations ended the year with a net loss of EUR 17 million. The Life activities contributed a solid EUR 377 million to the net result, while Non-Life activities ended the year close to breakeven at EUR 2 million. Other Insurance, which includes the UK distribution operations, reported a net profit of EUR 12 million. The Non-Life performance suffered from the severe weather conditions in the early and the last part of the year resulting in an overall non-recurring negative impact of EUR 74 million of which EUR 49 million was in the UK and EUR 25 million in Belgium. Overall and thanks to a number of compensating restructuring actions across the year, the net financial impact on both the Life and Non-Life operations stemming from the difficult financial markets has been less important in 2010 compared to 2009.

Solvency

Ageas's total available capital amounted to EUR 8.6 billion on 31 December 2010 compared to EUR 8.7 billion end 2009. It exceeded the total consolidated regulatory minimum requirements of the insurance activities by EUR 5.6 billion, including the available capital at the level of the General Account (EUR 1.8 billion). Total available capital of the insurance activities amounted to EUR 6.8 billion, with minimum solvency requirements slightly up to EUR 3.0 billion due to the increase in activities. This led to a total solvency ratio for the global insurance operations of 227% compared to 234%[1] at the end of last year. The net cash position in the General Account per 31 December 2010, assuming full redemption of the European Medium Term Notes (EMTN) programme and including short term deposits entrusted to banks, amounted to EUR 2.2 billion, down from EUR 2.8 billion end 2009. This decrease mainly reflects the 2009 dividend pay-out in June of EUR 0.2 billion and the transfer of EUR 0.3 billion funds provided to the UK operations in the context of the financing of the Tesco Bank partnership and the acquisition of Kwik Fit Insurance Services.

The level of discretionary capital decreased from EUR 1.3 billion end 2009 to EUR 0.5 billion at the end of 2010, mainly as a result of the M&A activity in Turkey and the UK, the revaluation of RPN(I), the reservation for the proposed 2010 dividend and scope changes.

An explanation on the balance sheet and income statement of ageas SA/NV and ageas N.V. can be found on the pages 239 until 241 respectively 247 untill 253.

Continuity Statement ageas SA/NV

The company has reported a loss for the second year in succession. Despite this loss, the Board of Directors is of the opinion that the company possesses sufficient resources and capital to continue its activities further.

1.3 Amendments to the Articles of Association of ageas SA/NV and ageas N.V.

Please refer to the Corporate Governance Statement on page 21 for detailed information about the amendments of the articles of association of ageas SA/NV and ageas N.V. in 2010.

1.4 Position towards the former executives and directors

The Board of Directors discussed the position of Ageas towards former executives and directors. Mr. De Mey informed the Board of Directors that he has a conflicting personal interest in this topic as he was a member of the Fortis Executive Committee at the time of the Company's acquisition of ABN AMRO and the financing thereof and held this function until 31 December 2007. For Mr. De Mey, the conflict of interest procedure, in accordance with art. 523 of the Belgian Code of Companies and in compliance with the best practice provision III.6.1 until II.6.3 and II.3.2 until II.3.4 of the Dutch Corporate Governance Code, was applied.

1 *231% reported as per 10 March 2010; variance related to restatement 2009 accounts.*

Extract of the minutes of the board meeting of 24 August 2010.

'Legal actions against former directors

The Board of Directors next proceeds to the discussion whether, in view of the alleged management and communication deficiencies set out in the Report, it is in the Company's interest to initiate legal action against any former executives or directors at this stage in respect of their decisions, actions or omissions during the period from 29 May 2007 until 7 October 2008.

In accordance with the requirements as set out in article 523 of the Belgian Code of Companies, article 2:146 of the Dutch Civil Code and section II.3 of the Dutch Corporate Governance Code, Mr. De Mey informs the Board that he has a conflicting personal interest in the topic discussed, as he was a member of the Fortis Executive Committee at the time of the Company's acquisition of ABN AMRO and the financing thereof and held this function until 31 December 2007. Mr. De Mey further informs the Board that he has duly informed the Company's auditors of this conflicting interest and that the Board will inform the shareholders thereof in the 2010 annual report.

Mr. De Mey subsequently leaves the meeting and does not participate in the subsequent deliberation or vote on the resolution of the Board in connection with this agenda item. Mr. de Selliers further chairs the Board.

Mr. Nieuwdorp informs the Board of Directors of the assessment by the Legal Task Force of the Report and of its recommendations on the decisions that the Board of Directors should take in this respect.

He outlines the following:

The Legal Task Force in its meeting of 6 July 2010 analysed and discussed whether Ageas should consider initiating legal action against former members of the Fortis ExCo or Board. This analysis is based on the findings of the Dutch experts and the conclusions of internal and external legal counsel.

Based on this analysis, the Legal Task Force concluded that it is not in the interest of the company to start legal action against such persons at this stage. This conclusion is inter alia based on the following considerations:

(i) the lack of substance or merits of the expert findings regarding alleged wrongdoing by the company and/or the quality of the counter-evidence as presented by Ageas;
(ii) the fact that Ageas is challenging all allegations of violation of law in court.

After due consideration and based on the foregoing, the Board considers that launching legal proceedings against any former officers or directors at this stage would not serve the interest of the company and therefore resolves:

- *to approve management's proposal to challenge the allegations made in the Report regarding any wrongdoing by the Company in the context of ongoing or future legal proceedings;*
- *to approve management's proposal to refrain at this stage from initiating any legal proceedings against former executives or directors and from taking any remedial action in this respect beyond its earlier decisions (i) to contest the validity of the contractual hold harmless commitments granted to some former executives and directors to the extent they relate to the financial consequences of any judicial decisions and (ii) to refuse discharge with respect to the 2008 financial statements to some former executives in their capacity as member of the Board of Directors of Fortis Brussels and Fortis Utrecht N.V.;*

- *to review and revise this decision on a regular basis and as often as necessary or appropriate to safeguard the interests of the Company and in any event in the case that any currently unknown facts would emerge that can be qualified as a serious fault on the part of former executives or directors.*

The Board considers that, given the possibility for the Board to review and revise this decision on a regular basis and the fact that the Company has so far not been convicted to pay any damages, the current decision has no financial consequences for the Company.

Mr. De Mey reenters the meeting.'

1.5 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment or disclosure in the Consolidated Financial Statements as at 31 December 2010.

On 10 January 2011, a Stichting under Dutch law, called 'Investor Claims Against Fortis' issued a press release announcing a writ of summons against Ageas to be filed with the Utrecht District Court alleging miscommunication by Fortis on various occasions in the period 2007-2008. Ageas denies any wrongdoing and will challenge any allegations in court.

On 19 January 2011, legal proceedings before the Amsterdam District Court were initiated by the Vereniging van Effectenbezitters (VEB) demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis, certain of its former directors and top executives and certain financial institutions acting as global coordinators and lead managers in connection with the 2007 rights issue. Ageas denies any wrongdoing and will challenge any allegations thereof.

On 11 February 2011, the Commercial Court of Brussels dismissed the claims of two Luxembourg funds who demanded that the FRESH securities they held would be declared null and void and that the nominal value thereof would be reimbursed. The plaintiffs declared in the meantime that they would not go into appeal against the decision taken.

Ageas announced on 18 February 2011, that it has signed an agreement with Hacı Ömer Sabancı Holding A.Ş. ('Sabanci'), Turkey's leading industrial and financial conglomerate, to acquire a 31% stake in Aksigorta A.Ş. ('Aksigorta') through the sale by Sabanci of half of its stake in the company. Following the transaction, Sabanci and Ageas will have equal shareholdings in Aksigorta. The remaining shares (38%) will continue to be traded on the Istanbul Stock Exchange. As part of the transaction, Ageas will pay Sabanci a total consideration of USD 220 million (EUR 162 million) in cash upon completion. This implies a 53% premium on Aksigorta's market capitalisation as on 17 February 2011.

1.6 Dividend

Ageas's Board of Directors proposes a gross dividend of 8 Eurocent per share subject to approval by the shareholders at the Annual Shareholders' meetings of 27 and 28 April 2011. This equals a payout ratio of 50% of the insurance profits, in line with the announced dividend policy end of September 2009.

1.7 Outstanding shares at the end of 2010

The number of outstanding Ageas shares carrying voting rights and entitled to a dividend was 2,458,384,994 at the end of 2010. The number of outstanding shares increased with 106,723,569 shares following the capital increase related to the exercise of the Mandatory Convertible Securities on 7 December 2010. For more detailed information on the outstanding shares of Ageas and the capital structure, please refer to note 4 of the Ageas Consolidated Financial Statements 2010.

1.8 Ageas Board of Directors and Audit and Risk Committee

The Board of Directors of Ageas consists of 10 members, for more details about the composition of and changes to the composition in the course of 2010, please refer to 2.7 Board of Directors.

The Audit and Risk Committee consists of 3 members, for more details about the composition of and changes to the composition in the course of 2010, please refer to 2.7 Board of Directors.

1.9 Consolidated information related to the implementation of the EU Takeover Directive and the Ageas Annual Report

For legal purposes, the Board of Directors hereby declares that the Ageas Annual Report 2010 has been prepared in accordance with the statutory rules implementing the EU Takeover Directive that came into force in the Netherlands on 31 December 2006 and in Belgium on 1 January 2008. The Board hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- A comprehensive overview of the prevailing capital structure can be found in notes 4 and 30 of the Ageas Consolidated Financial Statements 2010.
- Restrictions on the transfer of shares extend only to preference shares (if issued) and the securities described in note 30 of the Ageas Consolidated Financial Statements 2010.
- Ageas lists under the heading 'Specifications of equity and structure of the shareholder group' in the ageas SA/NV Company Financial Statements any major shareholdings of third parties that exceed the threshold laid down by law in Belgium and the Netherlands and by the Articles of Association of ageas SA/NV.
- No special rights are attached to issued shares other than those mentioned in notes 4 and 30 of the Ageas Consolidated Financial Statements 2010.
- Share option and share purchase plans, if any, are outlined in note 10 of the Ageas Consolidated Financial Statements 2010. The Board of Directors decides on the issuance of shares and options, as applicable, subject to local legal constraints.
- Except for the information provided in notes 4, 13 and 30 of the Ageas Consolidated Financial Statements 2010, Ageas is unaware of any agreement among shareholders that may restrict either the transfer of shares or the exercise of voting rights.
- Board members are elected or removed by a majority of votes cast at the General Meetings of both ageas SA/NV and ageas N.V. Any amendment to the Articles of Association requires the General Meetings to pass a resolution to that effect. If fewer than 50% of the shareholders are represented, a second meeting must be convened which will be able to adopt the resolution with 75% of the votes regardless of the quorum. For amendments to the Articles of Association related to the twinned share principle, the General Meetings of both ageas SA/NV and ageas N.V. must comply with the quorum and majority requirements laid down in those articles.
- The Ageas Board is entitled both to issue and to buy back shares, in accordance with authorisations granted by the General Meetings of ageas SA/NV and ageas N.V. The present authorisations will expire on 28 October 2012 for ageas SA/NV and on 29 October 2012 for ageas N.V.

- Neither ageas SA/NV nor ageas N.V. is a party to any major agreement that would either become effective, be amended and/or be terminated due to any change of control over the company as a result of a public takeover bid.
- Neither ageas SA/NV nor ageas N.V. has entered into an agreement with its Board members or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid.
- Ageas shareholders are under an obligation to meet certain notification requirements when their participation exceeds or drops below certain thresholds, as prescribed by Belgian and Dutch law and by the articles of association of ageas SA/NV. For ageas SA/NV, shareholders are to notify the Company as well as the Belgian Banking, Finance and Insurance Commission when their participation exceeds or drops below the thresholds of 3% or 5% of the voting rights or any multiple of 5%. For ageas N.V., shareholders at least have to notify the Dutch Authority for the Financial Markets (which will inform the Company) when their participation (shares or voting rights) exceeds or drops below one of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Ageas publishes such information on its website.

1.10 Outlook

For 2011, Ageas expects the commercial performance to be at least in line with 2010 and improved financial performance barring significant events outside our control.

2 Corporate Governance Statement

In 2010, Ageas continued to build on its future as an international insurance group, attaching great importance to effective governance. In the course of 2010, Ageas has made substantial efforts to further align its Corporate Governance Charter with applicable rules and regulation. The Corporate Governance Charter is avaible on Ageas's website: http://www.ageas.com/en/Documents/Corp_Govern_Charter_EN.pdf. Ageas will continue its efforts to adhere to the applicable codes.

2.1 Ageas's legal structure and shares

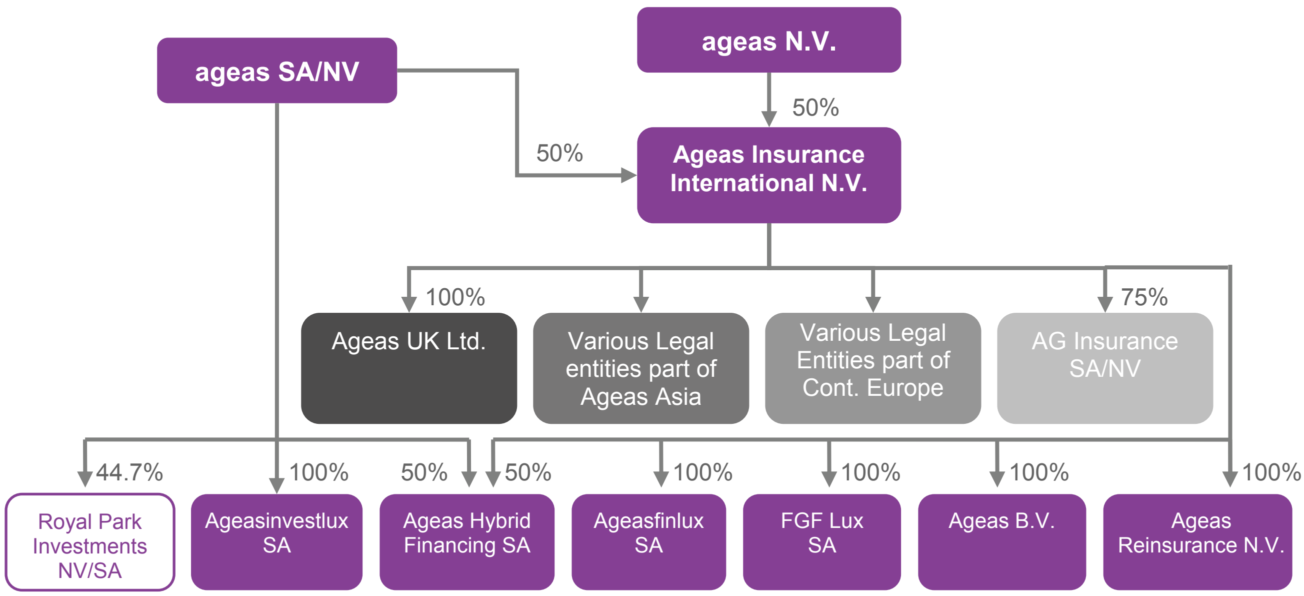
Ageas, the former Fortis, was created in 1990 by the cross-border merger – Europe's first – of Belgian insurer AG Group with Dutch bancassurance group AMEV/VSB. Our overall legal structure has been adapted regularly in the intervening years. Ageas has two parent companies (a Belgian one, ageas SA/NV, and a Dutch one, ageas N.V.) and shares which have been twinned to form one Ageas share. Ageas shares are ordinary shares in every respect, including voting rights and dividend entitlement. In April 2010, the name of Fortis changed into Ageas.

Each Ageas share carries a single vote at the shareholders' meetings of ageas SA/NV and ageas N.V. Ageas shareholders are thus entitled to attend and cast their votes at the general meetings of both companies. The two shareholders' meetings basically deal with the same matters. The Articles of Association specify that for certain resolutions to be valid, they must be passed by both meetings.

In the course of 2010, there were no material changes in the scope of activities. Ageas still comprises of:

- a 75% stake in AG Insurance;
- international insurance activities in:
  - the UK,
  - Continental Europe, and
  - Asia;
- a 44.7% stake in Royal Park Investments – an entity holding a portfolio of structured credits;
- financial assets and liabilities linked to various financing instruments.

As announced, Ageas substantially simplified its legal structure in the course of 2010: Fortis Brussels N.V. was liquidated and its activities were transferred to ageas SA/NV. Ageas Utrecht N.V. and Ageas Insurance N.V. disappeared following a merger with Ageas Insurance International N.V. Ageas will continue to investigate further simplification of its corporate structure taking into account the interest of all stakeholders.



* *The rebranding of the legal entities into Ageas is completed early 2011. The name change of Ageas Reinsurance N.V. into Intreinco N.V. took please early March 2011.*

Following the capital increase because of the conversion of the Mandatory Convertible Notes on 7 December 2010, 106,723,569 Ageas shares were issued. This capital increase brings the total number of issued Ageas shares as at 31 December 2010 to 2,623,380,817 shares. There are neither different share classes nor any preferential shares outstanding. Additional information on Ageas's shares is set out in the Ageas Corporate Governance Charter and in note 4 of the Ageas Consolidated Financial Statements 2010. Ageas has also an outstanding subordinated liability ('FRESH') exchangeable into Ageas shares. Additional information on Ageas's subordinated liabilities is set out in note 30 of the Ageas Consolidated Financial Statements 2010.

2.2 Amendments to the Articles of Association of ageas SA/NV and ageas N.V.

In April 2010, the shareholders meeting approved, next to merely textual, non-material amendments, the following amendments to the articles of association of ageas SA/NV and ageas N.V.:

- amendment of the name of Fortis into Ageas;
- authorisation to issue shares under the authorised capital to meet the contractual obligations under certain financial hybrid instruments to settle in shares for any coupon amounts due.

On 7 December 2010, in exchange of the contribution in kind of the claim constituted by the securities representing the Mandatory Convertible Securities (MCS), for an amount of EUR 2 billion, 8,000 securities representing such MCS securities were converted into 106,723,569 new ordinary shares in ageas SA/NV and 106,723,569 new ordinary shares in ageas N.V. in the form of Ageas Units.

For more detailed information about the procedure applicable for the modification of the bylaws of ageas SA/NV and ageas N.V., please refer to our website: http://www.ageas.com/en/Pages/articles_of_association.aspx.

2.3 Board of Directors

The Board of Directors operates within the framework defined by Belgian and Dutch legislation, normal governance practice in the two countries and the Articles of Association. The role and responsibilities of the Board of Directors and its composition, structure and organisation are described in detail in the Ageas Corporate Governance Charter.

2.3.1 Composition

On 28 and 29 April 2010, shareholders of respectively ageas SA/NV and ageas N.V. approved the appointment of Belén Romana and Bridget F. McIntyre as non-executive, independent directors until the end of the Annual General Meeting of Shareholders in 2013. Both newly appointed directors followed the induction program prepared by Ageas.

In line with Belgian law, the Board of ageas SA/NV co-opted Bart De Smet on 1 July 2009 and the General Meeting of Shareholders of ageas SA/NV of 28 April 2010 appointed Bart De Smet as an executive member of the Board of Directors of ageas SA/NV, for a period of three years.

In line with Dutch law, shareholders of ageas N.V. on 18 September 2009 approved the appointment of Bart De Smet as executive member of the Board of Directors as of 1 July 2009 and until the end of the annual General Meeting of Shareholders of 2013.

The Board of Directors currently consists of 10 members namely: Jozef De Mey (chairman), Bart De Smet, CEO, Guy de Selliers de Moranville (vice-chairman), Belén Romana, Bridget F. McIntyre, Frank Arts, Lionel Perl, Jan Zegering Hadders, Roel Nieuwdorp and Shaoliang Jin. The majority of the board of Directors are non-executive directors and are independent in accordance with the best practice provision III.2.2 of the Dutch Corporate Governance Code.

2.3.2 Meetings

The Board of Directors met on 18 occasions in 2010. The relatively high number of meetings is directly related to the management of the material and very complex legacy issues of the former Fortis. In principle, the Board of Directors meets once a month and holds one off-site meeting a year. Attendance details can be found in 2.7 Board of Directors.

In 2010, the Board meetings dealt with the following matters, among others:

- preparation of the General Meetings of Shareholders;
- the strategy pursued by Ageas as a whole and by each business;
- ongoing development of each of the Ageas businesses;
- quarterly, half yearly and yearly financial statements;
- the annual report 2009;
- the 2011 budget;
- the solvency of the company;
- the investment policy of the company;
- the risk appetite policy of the company;
- investor relations and corporate communication;
- reports of board committees following each of their meetings;
- Ageas's organisational and legal structure;
- nomination of directors for appointment by the General Meetings of Shareholders;
- the succession planning of the Board of Directors;
- the governance and the performance of the Group Executive Committee and Group Management Committee;
- the remuneration policy in general and the remuneration of the CEO and Executive Committee members in particular;
- follow-up of legal proceedings and legacy issues;
- the name change and the rebranding into Ageas;
- various M&A files.

In addition, the Board, under the leadership of the Chairman conducted a self-assessment through bilateral discussions between the Chairman and the individual board members focusing on factors of Board effectiveness such as size, composition, background of the Directors, performance of the Board, the structure and the responsibilities of the Board Committees and the performance of its individual board members, as well as the interaction with Executive Management.

The non-executive board members, under the leadership of the Chairman also conducted an assessment of the executive board member in which the performance of the Executive Management in general and the CEO in particular was discussed. The CEO did not attend this meeting.

The concept of Corporate Social Responsibility (CSR) is not new for Ageas and is in many ways adopted across the company. Ageas intends to harmonise and align various initiatives in the CSR area and shares best practices contributing to society and resulting in a group-wide CSR thinking uniting all internal and external stakeholders of Ageas.

In line with its organisational model there is a very strong local empowerment with respect to social commitments allowing Ageas to benefit from the various CSR initiatives taken currently within the businesses, in line with their choices, specific priorities and own strategic views.

All transactions in which there are conflicts of interest with board members are dealt with as required under Dutch and Belgium company law and are disclosed in the annual report in the section: ‘Report of the Board of Directors of ageas SA/NV and ageas N.V.’ There are no related party transactions to report in accordance with best practice provision III.6.4 of the Dutch Corporate Governance Code.

2.3.3 Remuneration

The remuneration of non-executive directors consists of a basic annual remuneration plus attendance fees for board and board committee meetings. Non-executive directors can also receive remuneration in the Ageas subsidiaries in which they hold a Board position. Non-executive directors do not receive any variable or profit-related incentives, option rights, shares or other fees.

Please refer to note 11 of the annual Consolidated Financial Statements for detailed information on the remuneration of non-executive directors and the members of the Executive Committee in 2010.

In accordance with Dutch and Belgian law and regulations, details and updates of stock options and shares held by each member of the Board of Directors are reported to the Banking, Finance and Insurance Commission in Belgium and the Authority for the Financial Markets in the Netherlands. On 31 December 2010, members of the Board of Directors held a total of 209,056 shares, 158,727 options and were committed to grant 2,770 restricted shares.

2.3.4 Board committees

The Board of Directors has established an Audit and Risk Committee, a Remuneration Committee and a Corporate Governance Committee. In line with the Ageas Governance chater, each board committee is composed of non-executive directors and has a minimum of three and a maximum of five members. The terms of reference of each Board Committee are described in the Ageas Corporate Governance Charter.

In 2009, the Board of Directors decided to establish two temporary task forces to deal with the legacy issues of the old Fortis. One task force covers the financial aspects, the other the legal aspects. They are both exclusively made up of non-executive independent directors and report directly to the Board. The activities of the two task forces are coordinated by the Chairman of the Board. In 2010, both task forces convened several times to discuss the legacy matters and to propose recommendations on these matters to the Board. Attendance details can be found in 2.7 Board of Directors.

2.3.5 The Corporate Governance Committee (CGC)

The role and responsibilities of the CGC are described in detail in the Ageas Corporate Governance Charter.

The CGC comprised the following members in 2010: Jozef De Mey (Chairman), Guy de Selliers de Moranville, Roel Nieuwdorp and Jan Zegering Hadders. The CEO attended the meetings, other than during discussion of issues relating to his own situation. The CGC met on 4 occasions in 2010. Attendance details can be found in 2.7 Board of Directors. The following matters were dealt with:

- organisational structure of the group;
- composition and terms of reference of the board committees;
- the succession planning of the Board of Directors and Executive Management;
- appointment of a Group Risk Officer;
- targets of the CEO and the members of the Executive Management;
- the performance of the CEO, the Deputy CEO and the other members of the Executive Management;
- disclosures regarding governance and the activities of the CGC in the Annual Report.

The Chairman of the CGC reported on these topics to the Board of Directors after each meeting and submitted the Committee's recommendations to the Board for final decision-making.

2.3.6 The Audit and Risk Committee

The role and responsibilities of the Audit and Risk Committee are described in detail in the Ageas Corporate Governance Charter. The Audit and Risk Committee is supported by Ageas Audit Services, Compliance, Risk Management and Finance.

The Audit and Risk Committee comprised the following members in 2010: Jan Zegering Hadders (Chairman), Shaoliang Jin and Lionel Perl. As of April 2010 Frank Arts was replaced as member of the Audit and Risk Committee by Bridget F. McIntyre. Sufficient experience and skills with regard to audit and accounting are available among the members of the Audit and Risk Committee based upon their past and current positions. Amongst others, Mr. Zegering Hadders, chairman of the Audit and Risk Committee is also member of the audit committee of Grontmij N.V. and Ms. Bridget F. McIntyre previously held the position of Finance Director in different major corporates. The committee met on four occasions in 2010. Attendance details can be found in 2.7 Board of Directors. The meetings were attended by the CEO, the Deputy CEO, the CRO, the CFO, the Internal Auditor and the External Auditor. The following matters were considered:

- monitoring the integrity of quarterly, half-yearly and annual financial statements, including disclosures, consistent application of the valuation and accounting principles, consolidation scope, quality of the closing process, and significant issues brought forward by the CFO or the external auditors. The committee also reviewed the press releases on the quarterly, half-yearly and annual results;
- monitoring risk management and control systems, based on reports by management (management control statements and their follow-ups), the compliance function and the internal auditor;
- monitoring of the findings and the recommendations of the external auditor. This included the review of the external audit plan and the reporting by the auditor. The Audit and Risk Committee monitored the independence of the external auditor, based on factors such as its declaration of independence and fees, and by tracking the volume and nature of non-audit services pre-approved in line with Ageas's Policy on the independence of the External Audit Firm;
- reviewing the committee's terms of reference and executing an annual self-assessment of its performance;
- reviewing the disclosures regarding business risks, risk management and internal control and the Audit and Risk Committees's activities in the Annual Report.

The Chairman of the Audit and Risk Committee reported on the outcome of these deliberations to the Board of Directors after each meeting and presented the recommendations of the Audit and Risk Committee to the Board for decision-making.

2.3.7 The Remuneration Committee (RC)

The role and responsibilities of the Remuneration Committee are described in detail in the Ageas Corporate Governance Charter. The Committee is assisted by Towers Watson, an external remuneration consultancy company that provides market-related information and advice on commonly applied reward elements, best practice and expected developments. Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

The Remuneration Committee consists of Roel Nieuwdorp (Chairman), Frank Arts and Lionel Perl and as of April 2010, Shoaliang Jin was replaced as member of the Remuneration Committee by Belén Romana. The CEO and the CRO attended the meetings, other than during discussion of issues relating to their own situation. The committee met on eight occasions in the year under review. Attendance details can be found in 2.7 Board of Directors. The matters discussed by the Remuneration Committee in 2010 included:

- the remuneration of the non-executive board members;
- the remuneration policy in general aligned with the current market practices;
- the Short Term Incentive (STI);
- the Long Term Incentive (LTI);
- the Key Performance Indicators of the Executive Committee Members;
- the correction, deferral and claw back mechanics of the STI and the LTI;
- the severance terms;
- disclosure regarding remuneration and activities of the Remuneration Committee in the Annual Report.

The Chairman of the Remuneration Committee reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required. Further information on the Remuneration Committee can be found in the Report of the Remuneration Committee.

2.4 Executive management

Ageas's executive management is composed of the CEO, the Group Executive Committee referred to in the Articles of Association and the Group Management Committee. The role of the Executive Committee is to manage Ageas in line with the values, strategies, policies, plans and budgets endorsed by the Board.

2.4.1 Group Executive Committee

The Group Executive Committee meets once a week according to a predetermined timetable. Further meetings are held whenever necessary.

The composition of the Ageas Executive Committee did not change in the course of 2010. At the end of 2010, the Executive Committee was composed of:

- Bart De Smet, CEO, responsible for Strategy & Development, Audit, Investor Relations, Communications and the Company Secretariat;
- Bruno Colmant, Deputy CEO, responsible for Finance, Legal and Legacy Issues;
- Kurt De Schepper, CRO, responsible for Risk, Compliance, Support Functions (Human Resources, IT and Facility) and Separation Issues.

2.4.2 Remuneration

The remuneration of Executive Committee members consists of a fixed base salary, a variable annual incentive and a variable long-term incentive.

Details of the remuneration paid to members of the Group Executive Committee are provided in the Report of the Remuneration Committee and note 11 of the Ageas Consolidated Financial Statements 2010.

2.4.3 Group Management Committee

The Group Management Committee advises the Group Executive Committee on issues related to defining and implementing corporate strategy, business plans and budgets and for the company's operational activities. The Group Executive Committee discusses these topics extensively and seeks the advice of the Group Management Committee on the matters above. The Group Management Committee meets twice a month according to a predetermined timetable. Further meetings are held whenever necessary. At the end of 2010, the Group Management Committee was composed of:

- the three members of the Executive Committee;
- the heads of the four business segments: Steven Braekeveldt, CEO Continental Europe; Antonio Cano, CEO AG Insurance (Belgium); Barry Smith, CEO United Kingdom, and Dennis Ziengs, CEO Asia;
- Patrick Depovere, CFO.

In January 2011, Emmanuel Van Grimbergen joined Ageas as Group Risk Officer and member of the Group Management Committee. The Group Risk Officer reports to the Chief Risk Officer.

2.5 Internal risk management and control systems

The Board is responsible for approving appropriate systems for internal risk management and control and reviewing the implementation thereof. The Ageas internal risk management and control systems are designed to provide the Board and management with a reasonable level of assurance that:

- they are made aware, in a timely manner, of the extent to which the entity is moving toward achievement of the company's strategic, financial and operational objectives while implementing the Ageas strategy;
- the operations are executed efficiently and effectively;
- the financial and non-financial reporting is reliable;
- the company acts in compliance with laws and regulations and with internal policies with respect to the conduct of business, and
- the assets are safeguarded and liabilities are identified and managed.

2.5.1 Financial reporting cycle

Ageas has designed its financial reporting process including the following measures of internal control:
- the budget control cycle;
- clear instructions and planning of the reporting process;
- clear processes and accounting policies and manuals;
- validation process for reported budget and actual figures per operating company;
- sign-off of the figures by local management;
- quarterly review and annual audit of the figures by the external auditors.

2.5.2 *Budget process*

The budget is the basis of the financial reporting cycle. The budget process (including target setting) is coordinated by Group Finance and starts in the early part of the third quarter of a year with a budget instruction. The instruction is approved by the Group CFO and sent to the local CFO's.

During the preparation of the budgets meetings take place between Performance Management (part of Finance), the group CFO and the management of the local entities to preliminary discuss the future strategy and economic circumstances to be taken into account for the preparation of the specific budget.

After the budgets are reported Group Finance executes a validation check on the budgets. The outcome of the validation, including any issue found, is discussed with local management.

Once the budget process is finalised by Group Finance, the budget per segment (Belgium, UK, Asia, Continental Europe and the General Account) and the consolidated budget, including a written explanation on the assumptions used, is send for approval to the Group Management Committee. After the Group Management Committee has approved the budget, the budget is sent for final approval to the Board of Ageas.

2.5.3 *Closings for actual figures*

The reporting of Ageas of actual figures takes place, like the budget preparation, in accordance with the IFRS accounting principles. The internal reporting takes place monthly, the external reporting quarterly and at year-end. For a closing period, the consolidation system is updated by Group Finance (consolidation department). Beside the local entities, Group Finance also contacts non-financial departments (like Risk, Legal, Tax, Accounting Policies, Company Secretariat, Pension Office and Human Resources) to inform them on what type of information or input is expected from them (and at what time) for the closing.

Each CFO of a reporting entity has to provide to the Group CFO a written statement that the figures reported are correct. In addition, for a closing the figures of the material entities are reviewed (quarterly) or audited (annually) by the external auditors of Ageas. After the delivery of the figures business meetings take place between Group Finance, Group CFO, Performance Management and local management in which local management presents the results seen from a business perspective as well as the expectations for the full year.

Group Finance itself is responsible for the preparation of the interim and annual financial statements and the internal report on the figures. Group Finance includes the information received from the non-financial departments in the documents. Group Finance verifies that all notes in the reporting do contain the correct figures, it does also cross check to ensure that figures on the relevant item mentioned in different notes are everywhere the same. Further Group Finance analyses and explains the evolutions of the figures in the reporting's. This explanation is included in an issue log.

The interim and annual reports are respectively reviewed and audited by the external auditors. Issues are discussed with the auditors. Once the documents are final, the auditors give written approval to include their opinion in the documents. Once the closing process is finalised by Group Finance, the consolidated reportings are sent for approval to the Group Management Committee. The Group Management Committee discusses the reportings.

After this approval, all documents to be published as well as the Board presentation and closing memorandum are sent to the Board of Ageas for approval. In addition, the external auditors prepare a presentation for the Board and the Letter to the Board. The letter includes elements that in the view of the auditors have to be reported in their role of external auditor to the Board. All information is first reviewed by and discussed with the Audit and Risk Committee (as part of the Board). The Audit and Risk Committee then reports on this in the full Board meeting.

On the same day of the publication, the interim or annual reports and the press release are sent by Group Finance to the regulatory authorities (CBFA and AFM) to fulfill the regulatory publication duties.

2.5.4 Assurance

Even a sound system of internal risk management and control cannot eliminate in full the possibility of poor judgement in decision-making, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances. The internal risk management and control systems are intended to provide reasonable, but not absolute, assurance that the company will not be hindered in achieving its business objectives in the orderly and legitimate conduct of its business by circumstances which may reasonably be foreseen, and that the financial statements are free of material misstatement.

The Board has evaluated the risk profile of Ageas as well as the design and operating effectiveness of the Ageas internal risk management and control systems. It has also considered the effectiveness of remedial actions taken. Please refer to note 7, note 21, note 33 and note 52 of the Ageas Consolidated Financial Statements 2010 for further information on respectively (i) the principal risks applicable to Ageas, (ii) the call option on the BNP Paribas shares, (iii) RPN(I), and (iv) the contingent liabilities.

For the purpose of best practice provision II.1.5 in the Dutch Corporate Governance Code and based on the evaluation performed, the Board considers that to the best of its knowledge, the internal risk management and control systems relating to financial reporting risks worked properly in the year under review and provide a reasonable assurance that the Ageas Consolidated Financial Statements 2010 do not contain any errors of material importance.

This statement cannot be construed as a statement in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act, which is not applicable to Ageas.

The Board will continue its commitment to further strengthen the Ageas internal risk management and control systems.

2.6 The corporate governance reference codes

Ageas's international structure, headed by two listed parent companies, one Dutch and one Belgian, means it has to comply with two corporate governance systems that refer to two separate codes. While the principles underlying these codes are largely similar, there are a number of differences too. The reference codes are available on the Ageas website: http://www.ageas.com/en/Pages/governance.aspx.

Because of the specific Belgo-Dutch context in which Ageas operates, we have developed our own 'single tier' governance structure. The structure is described in detail in the Ageas Corporate Governance Charter.

Those aspects of corporate governance at Ageas that require additional explanation in the light of the Dutch or Belgian codes (the Frijns Code – formerly known as the Tabaksblat Code – and the Belgian Corporate Governance Code respectively) can be found in the next section.

2.6.1 Ageas and the Belgian Corporate Governance Code

The Belgian Corporate Governance Code was published on 12 March 2009 (the 2009 Code) which redrafted the Corporate Governance Code of 2004. It applies to all companies incorporated under Belgian law, the shares of which are traded in a regulated market. The Code uses the 'comply or explain' concept, which means that if a company chooses to deviate from any of the Code's principles, it must explain its reasons for doing so in the 'Corporate Governance' section of its annual report.

As already explained in the Ageas Annual Reviews of previous years, Ageas applies all the 2009 Code's main principles. One item requires more detailed explanation:

- Principle 2.3: Independence of directors. The Belgian Corporate Governance Code states that: 'To be considered independent, a director should be free from any business, close family or other relationship with the company, its controlling shareholders or the management of either that creates a conflict of interest such as to affect that director's independent judgement.' The phrasing of this principle generally requires little comment. Questions may be raised, however, regarding its implementation and the way specific criteria in respect of a director's independence are formulated. The Belgian Corporate Governance Code, the Frijns Code, Article 524 of the Belgian Companies Act and the recommendation of the European Commission of 15 February 2005, for instance, all set out independence criteria which, if not actually contradictory, nevertheless differ from one another. For that reason, we have combined the requirements set by the Belgian Corporate Governance Code and the Frijns Code, which is described in the Corporate Governance Charter.

2.6.2 Ageas and the Dutch Frijns Code

Since 2004, listed companies incorporated under Dutch law have been legally required to declare in their annual reports that they have adhered to the Dutch Corporate Governance Code, or to explain any instances in which they have deviated from it. The Dutch Corporate Governance Code Monitoring Committee presented the revised Dutch Corporate Governance Code (the 'Frijns Code') on 10 December 2008. The Frijns Code came into force on 1 January 2009. Ageas's respective statements were discussed at the Annual General Meetings of Shareholders and for the last time in April 2010.

Ageas complied with the principles and best practice provisions of the Frijns Code in 2010 – subject to the following qualifications and exceptions.

2.6.2.1 Qualifications

Ageas aims to comply with the Frijns Code to the maximum possible extent. It can not, however, meet all of the Code's provisions. Some of them conflict with the internal coherence of Ageas's governance structure, which has been carefully developed over the years to meet the challenges facing a bi-national group. What is more, the single-tier board structure creates a specific framework that is not customary in the Netherlands and which did not act as the primary frame of reference for the Dutch Governance Code.

When applying the Code, therefore, Ageas has been obliged to translate the various provisions to fit its single-tier structure. Provisions aimed at the Supervisory Board or the Management Board have thus been applied to Ageas's Board of Directors, while provisions for individual members of the Supervisory Board have been applied to Ageas's non-executive directors and provisions for individual members of the Management Board to its CEO.

Some provisions could not, however, be translated into the Ageas context. These include the rules regarding a 'delegated supervisory board member' and a 'supervisory board member who temporarily takes on the management of the company' (respectively III.6.6 and III.6.7 of the Frijns Code). These provisions are geared specifically to supervisory board members and the supervisory tasks they perform, and so cannot be reconciled with the single-tier board model.

Similarly, the provision that the Chairman of the Board should not have held an executive position at the company (III.8.1) is an anomaly in the context of a single-tier board model, the essence of which is precisely to combine the expertise of executives and non-executives in one and the same decision-making body. Ageas's Chairman, Jozef De Mey, was a member of the Fortis Executive Committee until 2007.

Several provisions of the Frijns Code do not, moreover, apply to Ageas. This is the case with the following sections: III.2.1 (all supervisory board members, with the exception of one person only, must be independent – III.8.4 sets out the practice at Ageas), IV.1.2 (voting right on financing preference shares – Ageas does not have this type of preference share) and IV.2–IV.2.8 (depositary receipts for shares – Ageas does not issue this type of depositary receipt). These provisions have, therefore, not been taken into consideration.

Lastly, the provisions regarding the 'Selection and appointment Committee' have been interpreted as applying to Ageas's Corporate Governance Committee.

*2.6.2.2 Other exceptions**

BP II.1.7: The management board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the company to the chairman of the management board or to an official designated by him, without jeopardising their legal position. Alleged irregularities concerning the functioning of management board members shall be reported to the chairman of the supervisory board. The arrangements for whistle-blowers shall be posted on the company's website.

- The Ageas whistle-blower procedure (Ageas Internal Alert System) is not published on the website. The procedure is intended solely for Ageas employees; external disclosure would not enhance its effectiveness, but could have undesirable repercussions in countries where procedures of this nature can be subject to legal and/or cultural objections.

* *'BP' refers to the 'Best Practice' sections of the Frijns Code.*

BP II.2.5: Shares granted to management board members without financial consideration shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter.

- Under the long-term incentive plan, shares can be awarded only to executive directors. They may sell up to 50% of the shares in order to pay the tax incurred on them. The remaining shares may not be sold until six months after termination of their relationship with Ageas.

BP II.2.6: The Supervisory Board will draw up regulations concerning ownership of and transactions in securities by management board members, other than securities issued by their own company. The regulations are published on the website. The Compliance Officer is notified at least quarterly of private investments in securities of Dutch listed companies.

- As explained to the Annual General Meetings of Shareholders in May 2006, Ageas has drawn up and issued the required regulations on insider trading but contrary to Best Practice II.2.6 these regulations are not published on the Ageas website, since these regulations are numerous and tailored to highly specific local and/or business requirements. In line with the objectives set by the Frijns Code, the Ageas Corporate Governance Charter contains a Policy Statement summarising principles and guidelines on the use of inside information and private investments to be adhered to by all Board Members, other senior managers, officers and employees worldwide.

Please refer to 1.9 of the Report of the Board of Directors for more detailed information regarding to the implementation of the EU Takeover Directive and any anti-take-over protection mechanisms.

2.7 Board of Directors

Jozef De Mey

(1943 - Belgian – Male)
Chairman of the Board of Directors, Chairman of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2011.
Other mandates within the Ageas Group end of 2010	:	Chairman of the Board of Directors of Ageas Insurance International, AG Insurance, non-executive Board Member of Taiping Life (China), Muang Thai Ageas Holding Co., Ltd (Thailand) and AiCa (Hong Kong).
Positions held with other listed companies	:	none.
Other positions held	:	Member of the Board of Directors of the Flemish-Chinese Chamber of Commerce, Chairman Credimo Holding NV, Credimo NV, De Eik NV, NV J. Zinner and Ghent Festival of Flanders.

Guy de Selliers de Moranville

(1952 – Belgian – Independent - Male)
Vice Chairman of the Board of Directors and Member of the Corporate Governance Committee and Chairman of the Financial Task Force.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Chairman of the Board of Directors of Ageas UK, Ltd., non-executive Board Member of Ageas Insurance International.
Positions held with other listed companies	:	Board member of Solvay, Advanced Metal Group and Wimm Bill Dann.
Other positions held	:	Member of the Advisory Board of Pamplona. Chairman of the Board of Trustees of Partners in Hope.

Bart De Smet

(1957 – Belgian – Executive - Male)
Chief Executive Officer.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2013.
Other mandates within Ageas at the end of 2010	:	executive Board Member of Ageas Insurance International, Chairman of Millenniumbcp Ageas (Portugal), Vice Chairman of AG Insurance, F&B Insurance Holding, Etiqa/Mayban FH (Malaysia), IDBI (India) and AiCa (Hong Kong). Member of the Board of Directors of Ageas Luxembourg and Ageas UK, Ltd.
Positions held with other listed companies	:	none.
Other positions held	:	Director of Credimo NV and Chairman of Assuralia.

Frank Arts

(1943 – Belgian – Independent - Male)
Member of the Board of Directors and Member of the Remuneration Committee.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Non-executive Board Member of AG Insurance and Ageas Insurance International.
Positions held with other listed companies	:	none.
Other positions held	:	Chairman Immoring Antwerpen nv.

Shaoliang Jin

(1960 – Chinese - Independent - Male)

Member of the Board of Directors and Member of the Audit and Risk Committee.

First appointed	:	2009.
Term runs until the shareholders' meeting of	:	the shareholders' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of Ageas Insurance International.
Positions held with other listed companies	:	none.
Other positions held	:	Head of the Office of the Board of Directors at Ping An Group.

Bridget F. McIntyre

(1961 – British – Independent - Female)

Member of the Board of Directors and Member of the Audit and Risk Committee.

First appointed	:	2010.
Term runs until	:	the shareholders' meeting of 2013.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of Ageas UK, Ltd. and Ageas Insurance International.
Positions held with other listed companies	:	none.
Other positions held	:	Governor Health Foundation and non-executive Director of NHBC.

Roel Nieuwdorp

(1943 – Dutch – Independent - Male)

Member of the Board of Directors, Chairman of the Remuneration Committee and the Legal Task Force, Member of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of Ageas UK, Ltd. and Ageas Insurance International.
Positions held with other listed companies	:	none.
Other positions held	:	Professor at the University of Antwerp in Company Law. Board member of Groep T and practicing attorney.

Lionel Perl

(1948 – Belgian – Independent - Male)

Member of the Board of Directors, the Audit and Risk Committee, the Remuneration Committee and the Financial Task Force.

First appointed	:	2009.
Term runs until	:	the shareholdes' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of the AG Insurance and Ageas Insurance International, Member of the Audit Committee of AG Insurance.
Positions held with other listed companies	:	none.
Other positions held	:	Director at Fenway Group, Sotexim and Urbina.

Belén Romana

(1965 – Spanish – Independent - Female)

Member of the Board of Directors and Member of the Remuneration Committee.

First appointed	:	2010.
Term runs until	:	the shareholders' meeting of 2013.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of Ageas Insurance International.
Positions held with other listed companies	:	Non-executive board member of Banco Español de Credito (Banesto) and Acerinox.
Other positions held:		General Secretary of Círculo de Empresarios, Editioral board member of El Expansión and member of the board of trustees of Pelayo Foundation.

Jan Zegering Hadders

(1946 – Dutch – Independent - Male)

Member of the Board of Directors, Chairman of the Audit and Risk Committee and Member of the Corporate Governance Committee and the Legal Task Force.

First appointed	:	2009.
Term runs until	:	the shareholders' meeting of 2011.
Other mandates within Ageas at the end of 2010	:	Non-executive board member of Ageas UK, Ltd., Ageas Insurance International N.V., Member of the Audit Committee of Ageas UK, Ltd.
Positions held with other listed companies	:	Member of the Supervisory Board of Grontmij N.V. and Member of the Supervisory Board of GE Artesia Bank.
Other positions held	:	none.

Company Secretary

Dimitri Van Eenoo

Attendance at Directors' meetings

	Board meetings		*Audit and Risk Committee meetings*		*Corporate Governance Committee meetings*		*Remuneration Committee meetings*		*Ad hoc board committees*			
									Legal Task Force		*Financial Task Force*	
Name	Held*	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jozef De Mey	15	15			4	4						
Guy de Selliers de Moranville	15	14			4	4					11	10
Bart De Smet	15	15										
Frank Arts	15	15	2	2			8	7				
Shaoliang Jin	15	4	4	3			5	0				
Roel Nieuwdorp	15	15			4	4			9	9		
Lionel Perl	15	15	4	4			8	8			11	10
Jan Zegering Hadders	15	15	4	4	4	4			9	9		
Bridget F McIntyre	10	9	3	3								
Belén Romana	10	9					4	4				

* *Excluding three board meetings of a mere technical nature for which no remuneration was paid.*

2.8 Group Executive Committee

Bart De Smet

(1957 – Belgian - Male)
Chief Executive Officer.
Member of the Board of Directors.
Other details: see Board of Directors.

Bruno Colmant

(1961 – Belgian - Male)
Deputy CEO, responsible for Finance, Legal and Legacy issues.

Positions held with other listed companies	:	non-executive, independent board member of Brederode.
Other positions held	:	non-executive board member of Alcopa, Union Wallonne des Entreprises, Brussels Entreprises de Commerce and Industry, Guberna and Vlerick Management School. Professor at Vlerick Management School and Université Catholique de Louvain.

Kurt De Schepper

(1956 – Belgian - Male)
Chief Risk Officer, responsible for Risk, Compliance, Support Functions (Human Resources, IT and Facility) and Separation issues.

Positions held with other listed companies	:	none.
Other positions held	:	none.

2.9 Report of the Remuneration Committee

The new Belgian law of 6 April 2010 on the reinforcement of corporate governance in listed companies, requires a report of the Remuneration Committee as of the accounting year 2011. In anticipation thereof, the Board of directors of Ageas has decided to already include such report in the Corporate Governance Statement related to the accounting year 2010. This report will be submitted for approval to the General Meeting of Shareholders of April 2011 and will be commented by the chairman of the Remuneration Committee.

2.9.1 Activity report of the Remuneration Committee

In 2010, the Remuneration Committee consisted of four members: Roel Nieuwdorp (Chairman), Frank Arts, Lionel Perl and Shaoliang Jin. As of April 2010 the position of Shoaliang Jin as member of the Remuneration Committee was taken over by Belén Romana. The CEO and CRO, in his responsibility for HR, attended the meetings, with the exception of discussions of issues relating to their own situation.

The Remuneration Committee convened 8 times in 2010. Please refer to the Corporate Governance Statement for more information on the attendance of the members of the Remuneration Committee.

The Remuneration Policy had been determined earlier by the Board and approved by the shareholders meetings of 2010 anticipating already the new Belgian Corporate Governance act issued on May 3, 2010 in providing limits on severance pay and deferral mechanisms for bonuses. The remuneration policy continues to be under regular review to align it with prevailing market practices and evolving regulations and legislation (Belgian Corporate Governance Act, Capital Requirements Directive III (CRD III) applicable to banks and consecutive Dutch 'Regeling Beheerst Beloningsbeleid'). During its meetings, the Remuneration committee furthermore systematically assessed each component (base salary, short term incentive and long term incentive) for compliance with (new) regulations, competitive position and the objectives and risk profile of the company.

The Remuneration Committee thus discussed and prepared recommendations to the Board of Directors on:

- the remuneration of the non-executive board members;
- the remuneration policy in general aligned with the current market practices;
- the methodology of the Short Term Incentive (STI);
- the methodology of the Long Term Incentive (LTI);
- the Key Performance Indicators (KPI) of the Executive Committee (ExCo) Members;
- the deferral and adjustment mechanics of the STI and the LTI;
- the severance pay and non-compete provisions.

The Remuneration Committee did not recommend any change to the remuneration policy other than to change the limitation of severance pay inclusive any non-compete provisions in line with the requirement of the law. In order to conform with the formal requirements of the new law, the Remuneration Committee proposed to formally submit again to the General Assembly of Shareholders the Remuneration Policy as approved last year amended for this specific item.

The Remuneration Committee further advised the Board to not increase the fixed salaries of the ExCo members. As a reminder: the Ageas Corporate Governance Charter foresees that the Remuneration Committee recommends remuneration and incentive systems, whereas the Corporate Governance Committee recommends within these systems the targets and the ultimate result.

Finally, and taking into account the recent introduction of the new system, the Remuneration Committee recommended not to change the KPI's as determined and communicated last year:

(a) the annual (total) net profit of Ageas;
(b) the normalised net return of the insurance activities in relation to the risk adjusted capital;
(c) the costs ratio of the Life Insurance activity;
(d) the combined ratio of the non-Life activity, and
(e) the embedded value.

The concept 'normalised return of the insurance activity in relation to the risk adjusted capital' under (b) takes into account the return on capital, corrected for risk and excess solvency.

2.9.2 Key objectives

In determining early 2010 the remuneration policy applicable to the non-executive members of the Board of Directors and the Executive Management, the Remuneration Committee's key objectives were threefold: provide full transparency, guarantee compliance with existing and upcoming Belgian and Dutch legislation and be market compliant.

Transparency

In 2010, the Board of Directors submitted for approval to the shareholders both the remuneration policy (for the Board and the Executive Committee as recommended by the Remuneration Committee) and the remuneration levels of the Board. In the future, the Board of Directors will continue to submit any update or modification to these for approval by the shareholders.

Compliance with upcoming legislation

Ageas is closely monitoring upcoming legislation trying to anticipate to the extent possible:

- Ageas already in 2010 submitted for approval to the Shareholders the remuneration policy applicable to members of the Executive Committee, as the Remuneration Committee decided from the very beginning that the new remuneration policy had to comply with existing and, to the extent reasonably possible, upcoming legislation;
- Ageas provides a Report of the Remuneration Committee for an approval of the shareholders.

Market compliance

The remuneration of both the Board of Directors and the Executive Committee is focused:

- to ensure the organisation's continued ability to attract, motivate and retain executive talent in an international market place;
- to promote achievement of demanding performance targets and long-term sustainable growth in order to align the interests of executives and shareholders in the short, medium and long term;
- and to stimulate, recognise and reward both strong individual contribution and solid team performance.

2.9.3 Procedure applied to develop and assess/review the remuneration policy

Since their appointment in April 2009, the Remuneration Committee started working on a completely new remuneration policy. The Remuneration Committee decided to revise both the remuneration of non-executive board and the remuneration of executive management. In this exercise, the Remuneration Committee is assisted by Towers Watson. The new remuneration policy has also been checked from a legal perspective by a well reputed international law firm.

The remuneration of the non-executive members of the Board of Directors

In 2009, the Remuneration Committee, advised by Towers Watson, discussed and revisited the remuneration policy and the applicable remuneration levels of the non-executive members of the Board of Directors, to align their remuneration with prevailing remuneration levels of Belgian and international peers. This peer group consists of Belgian listed companies of comparable size on the one hand and European insurance companies of comparable size, geographical spread and business focus on the other hand. Upon recommendation of the Remuneration Committee, the Board of Directors submitted the proposed remuneration policy and remuneration levels for approval to the General Meeting of Shareholders of respectively ageas SA/NV and ageas N.V. in April 2010. The Remuneration Policy and the remuneration levels were approved by a vast majority of the shareholders.

The remuneration of the Executive Management

Upon recommendations by both the Remuneration Committee (which is responsible for defining the Key Performance Indicators) and the Corporate Governance Committee (which is responsible for the target setting) the Board of Directors determines the remuneration of the members of the Executive Management. The Remuneration Committee, advised the Board of Directors to submit the remuneration policy, applicable to the Executive Committee, for approval by the General Meeting of Shareholders of respectively ageas SA/NV and ageas N.V. in April 2010. The Remuneration Policy was approved by a vast majority of the shareholders.

In his position of Risk Officer, the Chief Risk Officer (CRO) was involved in the validation of the KPI and the integration of risk corrective aspects. As from 2011, the newly appointed Group Risk Officer (directly reporting to the CRO) will also be involved in the validation process. The targets and results are assessed on the basis of data supplied by the CFO department.

Both the levels and structure of remuneration for Ageas Executive Committee Members are analysed on an annual basis. At the initiative of the Remuneration Committee, Ageas's competitive position is regularly reviewed by and discussed with Towers Watson and compared with that of other major Europe-based international insurance firms and other organisations operating on an international basis.

In the second half of 2010, a first assessment of the (renewed) remuneration policy, including its compliance with the updated international regulators and market practice as well as clear guidance on the methodology and scenario analysis, was performed. As a consequence the criteria of the annual incentive and the current long-term incentive plans have been further assessed and adapted, if needed, in order to present appropriate schemes following best market practices.

It is the opinion of the Remuneration Committee that the policy as approved by the General Assembly in 2010, has been established in the spirit of the new regulation with a deferral of the LTI and parts of the STI and assessment of the performance over the period of the deferral and fits the current situation of the company.

2.9.4 The remuneration policy

The full remuneration policy for Ageas Board Members and Group Executive Committee Members, as approved by the General Meeting of Shareholders of April 2010 is attached to the Corporate Governance Charter (see annex 4 of the Corporate Governance Charter. The remuneration policy can be found on: www.ageas.com/en/Pages/board_of_directors.aspx. This policy document describes the principles underlying remuneration, the relative importance of the various components of remuneration and the features of equity-linked remuneration and the applicable claw back.

In order to fully comply with the Belgian law, the Remuneration Committee recommended to formally represent the current remuneration policy for approval to the meetings of Shareholders of April 2011 with the only change being the replacement of the paragraph on Severance pay.

As from 1 January 2010, the contracts provide for a maximum severance pay in case of termination without cause of members of the Group Executive Committee of 12 months base salary and annual incentive (total cash compensation). In specific circumstances such as seniority in excess of 20 years, circumstances related to health and others to be determined by the Remuneration Committee, a higher severance pay (up to max 18 months of base salary and annual incentive) is allowed upon recommendation by the Remuneration Committee. Possible financially compensated non-compete provisions have to be within this limit.

2.9.5 The implementation of the remuneration policy in 2010

Board of Directors

In April 2010, the General Meeting of Shareholders has approved the remuneration policy and the remuneration levels for the non-executive Board members, with effect from 1 January 2010. These remuneration levels, consist of a fixed annual remuneration on the one hand and an attendance fee on the other hand. The fixed annual remuneration amounts to EUR 60,000 and EUR 45,000 respectively for the Chairman and the other non-executive Board members. Non-executive board members receive an attendance fee of EUR 2,000 per board meeting and EUR 1,500 per Board Committee meeting. For the Chairman of the Board of Directors and the Board Committees, the attendance fee is set at respectively EUR 2,500 per Board meeting and EUR 2,000 per Board Committee meeting. More detailed information on the actual remuneration in 2010 of the non-executive Board members can be found in Note 11 of the Ageas Consolidated Financial Statements 2010.

Non-executive Board members do not receive annual incentives or stock options and are not entitled to pension rights. Non-executive Board members are not entitled to any termination indemnity.

The remuneration of the Executive Board member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the remuneration policy for Executive Committee Members.

In the framework of good corporate governance, to avoid cascading of the decision process and to increase knowledge and awareness of the issues in the most important operating companies, the Board of Directors decided to delegate most of its non-executive members to the Board of Directors of some of the Ageas subsidiaries. To the extent that these mandates are remunerated, the amounts paid out are disclosed in Note 11 of the Ageas Consolidated Financial Statements 2010.

In accordance with the remuneration policy and the remuneration levels as described above, the total remuneration of all non-executive directors amounted to EUR 1.12 million in 2010, compared to EUR 0.46 milion in 2009, reflecting the market consistent remuneration approved by the 2010 General Assembly of Shareholders, the arrival of 2 additional board members and the number of Board and Committee meetings held as indicated in 2.7 Board of Directors. For more detailed information please refer to note 11 of the Ageas Consolidated Financial Statements.

Executive Committee

In 2010 the Executive Committee consisted of Mr. Bart De Smet, CEO and the only executive member of the Board of Directors, Bruno Colmant, Deputy CEO, and Kurt De Schepper, CRO. The remuneration policy as described above applies to the members of the Executive Committee, including but not limited to the rules regarding variable remuneration, severance pay and claw back. In 2010, the total remuneration of the Executive Committee amounted to EUR 2,396,938, compared to EUR 2,675,083 in 2009.

For each member of the Executive Committee, a severance pay of 12 months, which can in specific circumstances be increased to 18 months is provided for. Including the non-competition provision, the maximum severance pay can, however, never exceed 18 months.

For more detailed information on the individual remuneration and the number of granted, exercised and matured shares, share options and other rights to acquire shares please refer to note 11 of the Ageas Consolidated Financial Statements.

More detailed information on the remuneration policy applicable to the Executive Committee is available in annex 4 of the Corporate Governance Charter: The remuneration for Ageas Board Members and Group Executive Committee Members.

2.9.6 Outlook 2011 regarding the remuneration policy

Ageas has introduced its remuneration policy anticipating on the introduction of the new law in Belgium. In the course of 2011, Ageas will continue to reassess the structure of its remuneration policy with the competitive and regulatory environment and, if required, modifications or updates will be proposed. Any modifications of the remuneration policy will be submitted for approval to the shareholders meeting.

Brussels/Utrecht, 8 March 2011

Board of Directors

Ageas Consolidated Financial Statements 2010

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Consolidated statement of financial position

(before appropriation of profit)

	Note	31 December 2010	31 December [1] 2009
Assets			
Cash and cash equivalents	15	3,258.3	5,635.7
Financial investments	16	56,232.5	53,070.1
Investment property	17	1,900.3	1,652.7
Loans	18	4,528.2	4,132.3
Investments related to unit-linked contracts		21,747.3	20,694.8
Investments in associates	19	1,732.5	1,403.6
Reinsurance and other receivables	20	3,828.5	1,263.7
Current tax assets	32	71.5	102.8
Deferred tax assets	32	465.1	53.0
Call option BNP Paribas shares	21	609.0	880.0
Accrued interest and other assets	22	2,042.5	1,847.6
Property, plant and equipment	23	1,065.0	1,108.1
Goodwill and other intangible assets	24	1,686.0	1,376.4
Assets held for sale	3		103.2
Total assets		**99,166.7**	**93,324.0**
Liabilities			
Liabilities arising from life insurance contracts	25	23,938.4	22,930.8
Liabilities arising from life investment contracts	26	26,913.8	24,332.7
Liabilities related to unit-linked contracts	27	21,830.9	20,772.8
Liabilities arising from non-life insurance contracts	28	5,448.6	4,934.0
Debt certificates	29	548.9	915.0
Subordinated liabilities	30	2,926.9	2,850.3
Borrowings	31	2,141.7	2,773.8
Current tax liabilities	32	46.4	106.2
Deferred tax liabilities	32	682.3	1,024.5
RPN(I)	33	465.0	316.0
Accrued interest and other liabilities	34	1,947.0	2,209.4
Provisions	35	2,407.6	34.2
Liabilities related to assets held for sale	3		39.3
Total liabilities		**89,297.5**	**83,239.0**
Shareholders' equity	4	8,247.1	8,431.0
Non-controlling interests	5	1,622.1	1,654.0
Total equity		**9,869.2**	**10,085.0**
Total liabilities and equity		**99,166.7**	**93,324.0**

1) The comparative figures have been changed for comparison purposes.

Consolidated income statement

	Note		2010		2009 [1]
Income					
- *Gross premium income* [2]		*9,751.6*		*9,247.9*	
- *Change in unearned premiums*		*(181.9)*		*(32.4)*	
- *Ceded earned premiums*		*(246.0)*		*(192.4)*	
Net earned premiums	*37*		9,323.7		9,023.1
Interest, dividend and other investment income	*38*		3,005.3		3,123.4
Unrealised gain (loss) on Call option BNP Paribas shares	*21*		(271.0)		880.0
Unrealised gain (loss) on RPN(I)	*33*		(149.0)		(316.0)
Realised and unrealised gains and losses	*39*		87.8		952.6
Investment income related to unit-linked contracts	*40*		788.0		2,307.1
Share of result of associates	*41*		186.3		81.3
Fee and commission income	*42*		428.0		375.2
Other income	*43*		248.0		322.3
Total income			**13,647.1**		**16,749.0**
Expenses					
- *Insurance claims and benefits, gross*		*(9,768.8)*		*(9,290.4)*	
- *Insurance claims and benefits, ceded*		*165.6*		*64.9*	
Insurance claims and benefits, net	*44*		(9,603.2)		(9,225.5)
Charges related to unit-linked contracts			(755.0)		(2,324.6)
Finance costs	*45*		(298.4)		(497.8)
Change in impairments	*46*		(33.9)		(467.4)
Change in provisions	*35*		0.8		42.0
- *Liability related to MCS conversion*		*(202.8)*			
- *Claim on ABN AMRO*		*2,000.0*			
- *Reversal of impairment FCC claim*		*362.5*			
- *Provision for legal disputes with Dutch State*		*(2,362.5)*			
Total impact MCS conversion and Dutch State issues	*47*		(202.8)		
Fee and commission expense	*48*		(1,052.4)		(972.0)
Staff expenses	*49*		(694.1)		(640.4)
Other expenses	*50*		(866.9)		(1,015.3)
Total expenses			**(13,505.9)**		**(15,101.0)**
Profit before taxation			**141.2**		**1,648.0**
Income tax expenses	*51*		222.6		(317.8)
Net profit before result of discontinued operations			**363.8**		**1,330.2**
Attributable to non-controlling interests			140.7		120.4
Net profit attributable to shareholders			**223.1**		**1,209.8**
Per share data (EUR)	*6*				
Basic earnings per share			0.09		0.49
Diluted earnings per share			0.09		0.49

1) *The comparative figures have been changed for comparison purposes.*

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

	Note	2010	2009
Gross premium income		9,751.6	9,247.9
Inflow deposit accounting (directly recognised as liability)	*37*	2,432.6	2,769.8
Gross inflow		**12,184.2**	**12,017.7**

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Consolidated statement of comprehensive income

		2010		2009 [1]
Net profit attributable to shareholders		**223.1**		**1,209.8**
Other comprehensive income				
Change in revaluation of investments available for sale, gross	(1,320.8)		859.0	
Related tax	416.1		(255.8)	
Change in revaluation of investments available for sale, net		(904.7)		603.2
Change in foreign exchange differences, gross	153.3		(1.8)	
Related tax	(0.2)		(1.1)	
Change in foreign exchange differences, net		153.1		(2.9)
Share of other comprehensive income of associates, gross	54.0		(11.1)	
Related tax			0.1	
Share of other comprehensive income of associates, net		54.0		(11.0)
Other changes				(94.0)
Other comprehensive income for the period, net of tax		**(697.6)**		**495.3**
Attributable to non-controlling interests		(301.0)		147.0
Attributable to shareholders		**(396.6)**		**348.3**
Total comprehensive income for the period, attributable to shareholders		**(173.5)**		**1,558.1**

1) The comparative figures have been changed for comparison purposes.

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Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net profit attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2009	**11,838.2**	**23,508.4**	**(879.8)**	**(72.9)**	**(28,021.5)**	**422.4**	**6,794.8**	**515.4**	**7,310.2**
Net profit for the period					1,191.5		1,191.5	120.4	1,311.9
Restatement Tai Ping Holdings [1)]			61.2	4.6	18.3		84.1		84.1
Revaluation of investments						456.5	456.5	147.1	603.6
Transfer to income statement due to sale of (part) group companies						(108.0)	(108.0)		(108.0)
Foreign exchange differences				(2.9)			(2.9)		(2.9)
Other non-owner changes in equity									
Total non-owner changes in equity			*61.2*	*1.7*	*1,209.8*	*348.5*	*1,621.2*	*267.5*	*1,888.7*
Transfer			(28,021.5)		28,021.5				
Dividend								(1.5)	(1.5)
Reorganisation of capital	(9,724.2)	(9,228.4)	18,952.6						
Treasury shares			0.3				0.3		0.3
Other changes in equity			14.7				14.7	872.6	887.3
Balance at 31 December 2009	**2,114.0**	**14,280.0**	**(9,872.5)**	**(71.2)**	**1,209.8**	**770.9**	**8,431.0**	**1,654.0**	**10,085.0**
Net profit for the period					223.1		223.1	140.7	363.8
Revaluation of investments						(549.7)	(549.7)	(301.0)	(850.7)
Foreign exchange differences				153.1			153.1		153.1
Other non-owner changes in equity									
Total non-owner changes in equity				*153.1*	*223.1*	*(549.7)*	*(173.5)*	*(160.3)*	*(333.8)*
Transfer			1,209.8		(1,209.8)				
Dividend			(188.1)				(188.1)	(1.1)	(189.2)
Increase of capital	89.6	114.7					204.3	83.3	287.6
Treasury shares			0.3				0.3		0.3
Other changes in equity			(26.9)				(26.9)	46.2	19.3
Balance at 31 December 2010	**2,203.6**	**14,394.7**	**(8,877.4)**	**81.9**	**223.1**	**221.2**	**8,247.1**	**1,622.1**	**9,869.2**

1) *The comparative figures for 2009 have been changed for comparison purposes related to the revaluation of Liabilities arising from Life insurance contracts by Tai Ping Holdings (an associate of Ageas in China) due to a change in accounting policies. The impact is shown in the Line 'Restatement Tai Ping Holdings'.*

The line Other changes in equity in the column Non-controlling interests includes in 2010 mainly the non-controlling interest in acquired real-estate companies. In 2009, Other changes in equity in the column Non-controlling interests included mainly the non-controlling share in the shareholders' equity of AG Insurance.

Changes in equity are described in greater detail in Note 4 and Note 5.

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Consolidated cash flow statement

	2010	2009 [1]
Profit before taxation	**141.2**	**1,648.0**
Adjustments to non-cash items included in profit before taxation:		
Call option BNP Paribas shares	271.0	(880.0)
RPN(I)	149.0	316.0
(Un)realised gains (losses)	(87.8)	(952.2)
Share of profits in associates	(186.3)	(81.3)
Depreciation, amortisation and accretion	606.9	574.9
Impairments	(328.3)	467.5
Provisions	567.7	(42.2)
Share-based compensation expense	4.0	8.1
Changes in operating assets and liabilities:		
Derivatives held for trading (assets and liabilities)	48.1	34.8
Loans	(340.5)	12,290.3
Reinsurance and other receivables	(79.6)	(386.4)
Investments related to unit-linked contracts	(1,206.9)	(2,664.3)
Borrowings	(774.0)	(6,387.0)
Liabilities arising from insurance and investment contracts	3,907.0	3,822.7
Liabilities related to unit-linked contracts	1,228.1	2,723.7
Net changes in all other operational assets and liabilities	(576.1)	(745.1)
Dividend received from associates	1.7	19.1
Income tax paid	(161.4)	(98.8)
Cash flow from operating activities	**3,183.8**	**9,667.8**
Purchases of financial investments	(22,847.6)	(14,754.7)
Proceeds from sales and redemptions of financial investments	18,152.5	8,322.9
Purchases of investment property	(131.8)	(124.4)
Proceeds from sales of investment property	158.2	0.3
Purchases of property, plant and equipment	(66.3)	(68.5)
Proceeds from sales of property, plant and equipment	39.9	0.8
Acquisition of subsidiaries and associates	(358.0)	(970.9)
Divestments of subsidiaries and associates	56.5	1,410.3
Purchases of intangible assets	(14.3)	(11.5)
Proceeds from sales of intangible assets	6.0	0.9
Cash flow from investing activities	**(5,004.9)**	**(6,194.8)**
Payment of debt certificates	(376.6)	(3,760.0)
Proceeds from the issuance of subordinated liabilities	40.9	
Payment of subordinated liabilities		(40.8)
Proceeds from the issuance of other borrowings	7.1	53.0
Payment of other borrowings	(47.0)	(20.5)
Proceeds from sales of treasury shares	0.3	0.3
Dividends paid to shareholders of the parent company	(191.5)	(7.6)
Dividends paid to non-controlling interests	(1.1)	(1.5)
Cash flow from financing activities	**(567.9)**	**(3,777.1)**
Effect of exchange rate differences on cash and cash equivalents	11.6	7.1
Net increase (decrease) of cash and cash equivalents	**(2,377.4)**	**(297.0)**
Cash and cash equivalents as at 1 January	**5,635.7**	**5,932.7**
Cash and cash equivalents as at 31 December	**3,258.3**	**5,635.7**
Supplementary disclosure of operating cash flow information		
Interest received	2,391.1	2,568.1
Dividend received from financial investments	57.9	37.3
Interest paid	(370.3)	(652.6)

1) *The comparative figures have been changed for comparison purposes*

General Notes

ageas

1 Legal structure

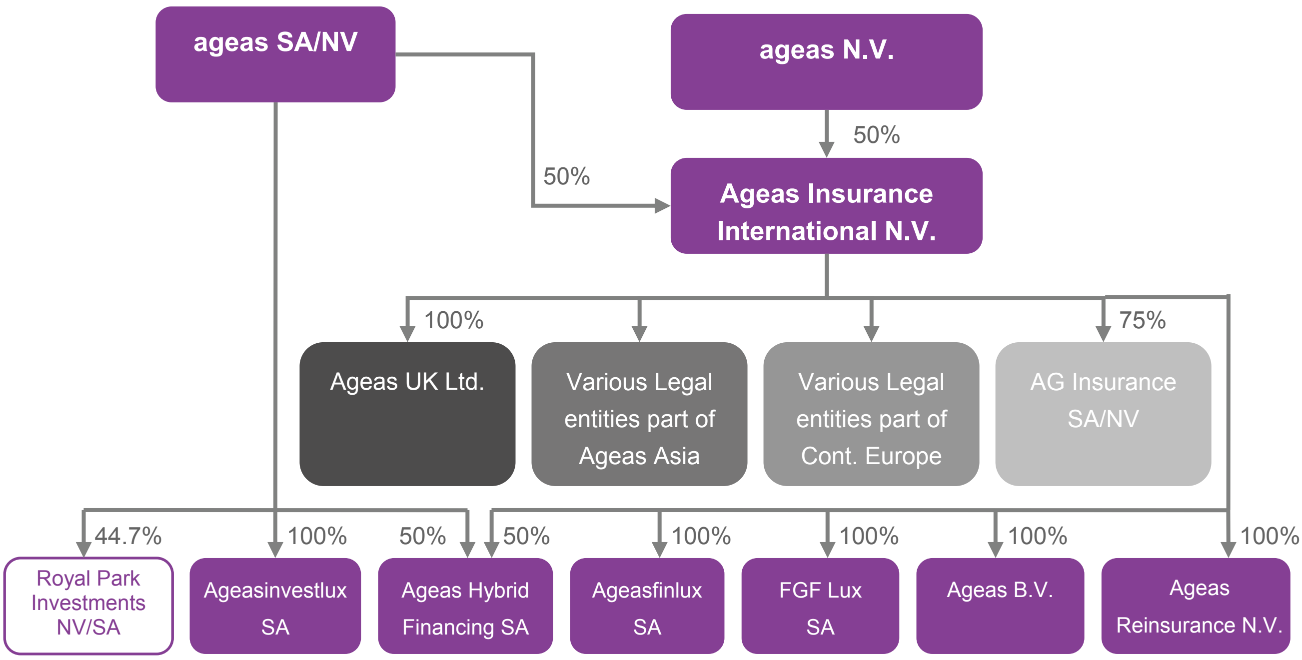
Ageas's two Parent Companies are ageas SA/NV, incorporated in Belgium with its registered office at Rue du Marquis 1/ Markiesstraat 1, Brussels, Belgium and ageas N.V., incorporated in the Netherlands with its registered office at Archimedeslaan 6, Utrecht, the Netherlands.

The Consolidated Financial Statements include the Financial Statements of ageas SA/NV and ageas N.V. ('the Parent Companies') and all of their subsidiaries. By combining the financial statements of ageas SA/NV and ageas N.V., Ageas has opted for consortium accounting in order to reflect its activities in the most transparent way.

A list of all group companies and other participating interests has been filed with the National Bank of Belgium in Brussels and with the commercial register of the Chamber of Commerce in Utrecht. The list is available upon request, free of charge, from Ageas in Brussels and Utrecht.

When purchasing an Ageas share, shareholders effectively acquire a unit that comprises one ordinary ageas SA/NV share and one ordinary ageas N.V. share. Ageas shares have a listing on the regulated markets of NYSE Euronext Brussels and NYSE Euronext Amsterdam. It is possible to trade Ageas shares on either market, and also to buy on one market and sell on the other. Ageas also has a secondary listing on the Luxembourg Stock Exchange and a sponsored ADR programme in the United States.

In the course of 2010, Ageas substantially simplified its legal structure: Fortis Brussels SA/NV was liquidated and Ageas Insurance N.V. and Ageas Utrecht N.V. were merged into Ageas Insurance International N.V. The latter becoming the legal entity holding of all the operational insurance activities. The current legal structure is:



* *The rebranding of the legal entities into Ageas is completed early 2011. The name change of Ageas Reinsurance N.V. into Intreinco N.V. took place in early March 2011.*

Ageas has pledged 126,257 shares of AG Insurance (20%) to the Belgian State as security for the complete and timely performance of the Relative Performance Note secured obligations (RPN(I))(see note 33).

2 Summary of accounting policies

2.1 Basis of accounting

The Ageas Consolidated Financial Statements 2010 comply with International Financial Reporting Standards (IFRSs) at 31 December 2010, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The accounting policies are consistent with those applied for the year ended 31 December 2009. Amended IFRSs effective on 1 January 2010 with importance for Ageas (and endorsed by the EU) are listed in paragraph 2. The accounting policies shown in this note are a summary from the complete Ageas accounting policies which can be found on www.ageas.com/en/Pages/accountingpolicies.aspx.

The Consolidated Financial Statements are prepared on a going concern basis. They give a fair presentation of the financial position, financial performance and cash flows of Ageas, with relevant, reliable, comparable and understandable information. The Ageas Consolidated Financial Statements are stated in euros, which is the functional currency of the Parent Companies of Ageas.

Assets and liabilities recorded in the statement of financial position of Ageas have usually a duration of more than 12 months, except for Cash and cash equivalents, Reinsurance and other receivables, Accrued interest and other assets, Accrued interest and other liabilities and Current tax assets and liabilities.

The most significant IFRSs for the measurement of assets and liabilities as applied by Ageas are:
- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 23 for loans;
- IAS 28 for investments in associates;
- IAS 36 for the impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for the measurement of insurance contracts;
- IFRS 7 for the disclosures of financial instruments;
- IFRS 8 for operating segments.

2.2 Changes in accounting policies

The following relevant new or revised standards, interpretations and amendments to standards and interpretations have become effective on 1 January, 2010 (and are endorsed by the EU):

1. IAS 27 Consolidated and Separate Financial Statements

The IASB amended IAS 27 (in a package with amendments to IFRS 3 Business Combinations) to reflect changes to the accounting for non-controlling interests (previously minority interests). The amendments deal primarily with the accounting for changes in ownership interests in subsidiaries after control is obtained, the accounting for the loss of control of subsidiaries and the allocation of profit or loss to controlling and non-controlling interests in a subsidiary. Significant changes include:

- when an acquisition is achieved in successive share purchases (step acquisition), the identifiable assets and liabilities of the acquiree are recognised at fair value when control is obtained and a gain or loss is recognised in profit or loss for the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Any amount relating to previously held equity interests in the acquiree that was recognised directly in other comprehensive income is reclassified and included in the calculation of the gain or loss recognised in profit or loss;
- changes in a parent's ownership interest in a subsidiary after control is obtained that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners);
- accordingly, acquisitions of additional non-controlling interests are accounted for as equity transactions and disposals of equity interests while retaining control are accounted for as equity transactions;
- transactions resulting in a loss of control would cause a gain or loss to be recognised in profit or loss. The gain or loss includes the remeasurement to fair value of any retained equity interest in the investee;
- losses applicable to the non-controlling interests, including negative 'other comprehensive income', are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a negative balance.

2. IFRS 3 Business Combinations

The IASB issued a revised version of the business combinations standard. Some of the main changes to the standard are as follows:

- the revised standard also applies to business combinations involving only mutual entities and to business combinations achieved by contract alone;
- the definition of a business combination has been revised to focus on control;
- the definition of a business has been amended to clarify that it can include a set of activities and assets that are not being operated as a business, as long as an acquirer is capable of operating the set as a business;
- all items of consideration transferred by the acquirer are measured and recognised at fair value at the acquisition date, including contingent consideration;
- All business combinations are accounted for by applying the acquisition method (previously the purchase method);
- the acquirer can elect to measure any non-controlling (previously minority) interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Transaction costs incurred by the acquirer in connection with the business combination (finder's fees, advisory, other consulting fees) do not form part of the business combination. As such, they are expensed as incurred, unless they relate to the issuing of debt or equity securities, in which case they are accounted for under the financial instruments standards.

3. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments specify that:

- if an entity is committed to a plan to sell a subsidiary (involving the loss of control), then it would have to classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in paragraphs 6 to 8 of IFRS 5 are met. This applies regardless if the entity retains an interest (other than control) in the subsidiary; and
- disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation.

4. IAS 39 Financial Instruments

a. *Eligible Hedged Items*

- These amendments to IAS 39 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations, being:
  - designation in a hedged item of one-sided risk;
  - designation of inflation in a financial hedged item.

b. *Embedded Derivatives (related to changes in IFRIC 9 Reassessment of Embedded Derivatives)*

- The IASB amended the scope of IFRIC 9 so that embedded derivatives in contracts acquired in business combinations as defined in IFRS 3 (2008), joint venture formations and common control transactions remain outside the scope of IFRIC 9.

c. *IFRIC 15 Agreements for the Construction of Real Estate*

- This interpretation provides guidance on the accounting for revenue arising from agreements for the construction of real estate. The interpretation addresses the applicable accounting standard (IAS 11 Construction Contracts or IAS 18 Revenue) and the timing of revenue recognition.

d. *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*

- The amendments remove the restriction (mentioned in article 14) that prevented a hedging instrument from being held by a foreign operation that itself is being hedged.

Ageas has adapted the accounting policy for the calculation of insurance liabilities for its associate in China (Tai Ping) due to changes in the applicable local regulation. The comparative figures for 2009 have been changed for comparison purposes. The impact of the change in accounting policies is shown in the Consolidated Statement of Changes in Equity.

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2.3 Accounting estimates

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

Change in assumption

The adequacy of insurance liabilities is tested based on the best estimates and assumptions, embedded options and guarantees of the cash flows for insurance policies and related investments using a risk free discount rate. As of 2010, the assumption for reinvestments includes a reasonable credit spread, in line with the target asset mix. Ageas believes that this change in assumption provides a better indication for loss recognition compared to the prior assumptions.
In prior years, the liability adequacy test did not result in any significant losses. Applying the new as well as the old assumptions for liability adequacy testing did not lead to loss recognition in 2010.

The key measurement estimates at the reporting date are shown in the table below.

Year-end 2010

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

For more detailed information on the application of these estimates, reference is made to the applicable notes in the Ageas Consolidated Financial Statements. In note 7 Risk Management the way Ageas mitigates the various risks of the insurance operations has been described.

2.4 Segment reporting

Operating segments

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

From 1 January 2010 onwards the Insurance operating segments are:
- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia.

Activities not related to Insurance and elimination differences are reported separately from the Insurance activities in the fifth operating segment: General Account. In addition, the General Account also includes the investment in Royal Park Investments, the call option on BNP Paribas shares and the liabilities related to CASHES (RPN(I)).

The composition of the reportable segments has changed as per 1 January 2010. The corresponding information for earlier periods has been restated.

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

2.5 Consolidation principles

Subsidiaries

The Ageas Consolidated Financial Statements include those of ageas SA/NV and ageas N.V. (the 'Parent Companies') and their subsidiaries. Subsidiaries are those companies, of which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Ageas and are no longer consolidated from the date that control ceases. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale. The result on a sale of a portion of an interest in a subsidiary without a change in control is accounted for in the income statement.

Intercompany transactions, balances and gains and losses on transactions between Ageas companies are eliminated. Non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately on the statement of financial position and income statement. Non-controlling interests are stated at the fair value of the net assets at the date of acquisition. Subsequent to the date of acquisition, non-controlling interests comprise the amount calculated at the date of acquisition and the non-controlling interests' share of changes in equity since the date of acquisition.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Ageas controls another entity.

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Associates

Investments in associates are accounted for using the equity method. These are investments in which Ageas has significant influence, but does not control. The investment is recorded at Ageas's share of the net assets of the associate. The ownership share of net income for the year is recognised as share in result of associates and Ageas's share in the investments post-acquisition direct equity movements are recognised in equity.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses are recognised until the carrying amount of the investment is reduced to nil and further losses are only recognised to the extent that Ageas has incurred legal or constructive obligations or made payments on behalf of an associate.

2.6 Foreign currency

For individual entities of Ageas, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year end are translated at year end exchange rates for monetary items.

Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined. The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded as a component of equity.

The distinction between exchange differences (recognised in the income statement) and unrealised fair value results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:
- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency, and
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

Foreign currency translation

On consolidation, the income statement and cash flow statement of entities whose functional currency is not denominated in euros are translated into euros, at average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly) and their statements of financial position are translated using the exchange rates prevailing at the date of the statement of financial position.

Translation exchange differences are recognised in equity. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity are recorded in equity, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the date of the statement of financial position. All resulting differences are recognised in equity until disposal of the foreign entity when a recycling to the income statement takes place.

The following table shows the rates of the most relevant currencies for Ageas.

	Rates at year end		Average rates	
	2010	*2009*	*2010*	*2009*
1 euro =				
Pound sterling	0.86	0.89	0.86	0.89
US dollar	1.34	1.44	1.33	1.39
Hong Kong dollar	10.39	11.17	10.30	10.81

2.7 Measurement bases used in preparing the financial statements

The classification and measurement of assets and liabilities is based on the purpose of entering into these transactions.

2.7.1 Financial assets

Of all assets not related to unit-linked investments, the vast majority are financial assets classified in accordance with IAS 39. The measurement and income recognition in the income statement depends on the IFRS classification of the financial assets in this standard, being:

(a) loans and receivables;
(b) held-to-maturity investments;
(c) financial assets at fair value through profit or loss;
(d) available-for-sale financial assets.

The majority of these financial assets (being bonds and equity shares) is classified as Available for Sale and measured at fair value. The unrealised gains and losses are reported in shareholders' equity. For the insurance portfolios, where 'unrealised' gains and losses of bonds have a direct impact on the measurement of the insurance liabilities, Ageas applies shadow accounting in accordance with IFRS 4. This means that the changes in the unrealised gains and losses will affect the measurement of the insurance liabilities and are therefore not part of equity.

2.7.2 Investment property and property held for own use

For reasons of comparability of the performance in the Ageas Consolidated Financial Statements, Ageas did not opt in 2005 for the fair value model for investment property (with gains or losses from a change in the fair value recognised in profit or loss), but for the cost model, in line with the classification for property held for own use. After recognition as an asset, all property is carried at its cost less any accumulated depreciation and any accumulated impairments. As a consequence, changes in the fair value of the property are not recognised in the income statement nor in shareholders' equity, unless the property is impaired.

2.7.3 Investment in Associates

For associates where Ageas has significant influence, the power to participate in the financial and operating policy decisions of the investee (but is not in control), Ageas applies the equity method of accounting for these associates. The Ageas's share of the profit or loss is recognised in the income statement and revaluations are reported in shareholders' equity, while distributions received from the associate reduce the carrying amount of the investment.

2.7.4 Goodwill and other intangible assets

Goodwill

Goodwill from business combinations from 1 January 2010
Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over:
(a) the Ageas's share in the net identifiable assets acquired and liabilities assumed; and
(b) net of the fair value of any previously held equity interest in the acquiree.

Any acquisitions costs are directly expensed, except for the costs to issue debt or equity securities which shall be recognised in accordance with IAS 32 and IAS 39.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, Ageas has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Goodwill from business combinations prior to 1 January 2010
In comparison with the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, Ageas had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Value of business acquired (VOBA)
Value of business acquired represents the difference between the fair value at acquisition date measured using the Ageas's accounting policies and the subsequent carrying value of a portfolio of insurance and investment contracts acquired in a business or portfolio acquisition. VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts acquired.

Other intangible assets with definite lives
Other intangible assets include intangible assets with definite lives, such as trademarks, internally developed software that is not an integral part of the related hardware and licenses that are generally amortised over their useful lives using the straight-line method.

2.7.5 Financial liabilities

The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, being: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities measured at amortised cost.

2.7.6 Liabilities arising from insurance and investment contracts

Life insurance
These liabilities relate to insurance contracts, investment contracts with discretionary participation features (DPF) and investment contracts that transfer insurance risk, financial risk or both. Investment contracts without discretionary participation features are valued at amortised cost.

For Life insurance contracts, future policy benefit liabilities are calculated using a net level premium method (present value of future net cash flows) on the basis of actuarial assumptions as determined by historical experience and industry standards. Participating policies include any additional liabilities relating to any contractual dividends or participation features. For some designated contracts, the future policy benefit liabilities have been re-measured to reflect current market interest rates.

For Life insurance contracts with minimum guaranteed returns, liabilities have been set up to reflect expected long-term interest rates. The liabilities relating to annuity policies during the accumulation period are equal to accumulated policyholder balances. After the accumulation period, the liabilities are equal to the present value of expected future payments. Changes in mortality tables that occurred in previous years are fully reflected in these liabilities.

Non-life insurance
Claims and claim adjustment expenses are charged to the income statement as incurred. Unpaid claims and claim adjustment expenses include estimates for reported claims and provisions for claims incurred but not reported. Non-life liabilities for workmens' compensation business are presented at their net present value. Ageas does not discount its liabilities for claims other than for claims with determinable and fixed payment terms.

Liability adequacy test
The adequacy of insurance liabilities ('liability adequacy test') is tested by each company at each reporting date. The tests are performed on legal fungible level (asset pool level) for life and on a level of homogeneous product groups for non-life. Ageas considers current best estimates of all contractual cash flows, including related cash flows such as (re)investment returns and expenses. The assumptions are internally consistent with those used for other modeling purposes, such as embedded value. For Life Insurance contracts, the tests include cash flows resulting from embedded options and guarantees. The present value of these cash flows has been determined by using a risk-free discount rate, allowing an illiquidity premium. Any shortfall is recognised immediately in the income statement, either as a DAC- or VOBA impairment or as a loss recogniton.

2.7.7 Assets and liabilities related to unit-linked contracts

Ageas's non-participating insurance and investment contracts are primarily unit-linked contracts where the investments are held on behalf of the policyholder and measured at fair value. Treasury shares and investments made in own debt instruments on behalf of policyholders are eliminated. The liabilities for such contracts are measured at unit value (i.e. fair value of the fund in which the unit-linked contracts are invested divided by the number of units of the fund).

Certain products contain guarantees, which are also valued at fair value and included in liabilities related to policyholders, with the change in the fair value recognised in the income statement. Insurance risks are taken into account on basis of actuarial assumptions.

2.8 Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. Ageas reviews all of its assets at each reporting date for objective evidence of impairment. The carrying amount of impaired assets is reduced to its estimated recoverable amount and the amount of the change in the current year is recognised in the income statement.

If in a subsequent period the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years.

Financial assets

A financial asset (or group of financial assets) classified as available for sale is impaired if there is objective evidence of impairment as a result of one or more events (loss events or 'triggers', e.g. significant financial difficulty of the issuer) that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is significantly (25%) below cost or has been below cost for a prolonged period (four consecutive quarters) at the date of the statement of financial position.

Reversal of impairments of debt instruments which can be objectively related to an event occurring after the recognition of the impairment, are recognised in the income statement. Positive revaluations, after an impairment of equity securities are recognised in equity.

Investment property and property held for own use

Property is measured according to the cost model and impaired when the carrying amount exceeds its recoverable amount, which is the highest of 'Fair value less costs to sell' or 'Value in use' (the expected present value of future cash flows, without deduction for transfer tax). At the end of each reporting period Ageas assesses whether there is any indication that an asset may be impaired, considering various external (e.g. significant changes in the economic environment) and internal sources of information (e.g. plan to dispose). If any such indication exists (and only then), Ageas shall estimate the recoverable amount of the property. Any impairment identified is recognised in the income statement. After the recognition of an impairment, the depreciation for future periods is adjusted based on the revised carrying amount less its residual value over its remaining useful life.

Goodwill and other intangible assets

Goodwill is an intangible asset with an indefinite life and is not amortised, but instead tested for impairment at least annually. Intangible assets with definite lives are amortised over the estimated useful life and reviewed at each reporting date. Any impairment identified is recognised in the income statement.

Other assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

2.9 Fair value of financial instruments

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by observable current market transactions in the same instrument, or is based on a valuation technique that includes inputs only from observable markets.

The principal methods and assumptions used by Ageas in determining the fair value of financial instruments are:

- Fair values for securities available for sale or at fair value through profit or loss are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the swap curve plus a spread reflecting the risk characteristics of the instrument. Fair values for securities held to maturity (only necessary for disclosures) are determined in the same way.
- Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.
- Fair values for unquoted private equity investments are estimated using applicable market multiples (e.g. price/earnings or price/cash flow ratios) refined to reflect the specific circumstances of the issuer.
- Fair values for loans are determined using discounted cash flow models based upon Ageas's current incremental lending rates for similar type loans. For variable-rate loans that re-price frequently and have no significant change in credit risk, fair values are approximated by the carrying amount. Option pricing models are used for valuing caps and prepayment options embedded in loans that have been separated in accordance with IFRS.
- Off-balance-sheet commitments or guarantees are fair valued based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.

For more detailed information on the application of these methods and assumptions, reference is made to the applicable notes in the Ageas Consolidated Financial Statements.

2.10. Revenue recognition

2.10.1 Gross premium income

Premium income when received
Premiums from Life insurance policies and investment contracts with discretionary participation features that are considered long duration type contracts are recognised as revenue when due from the policyholder. Estimated future benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies. This matching is accomplished by the establishment of liabilities of the insurance policies and investment contracts with discretionary participation features and by the deferral and subsequent amortisation of policy acquisition costs.

Premium income when earned
For short duration type contracts (principally Non-life), premiums are recorded as written upon inception of the contract. Premiums are recognised in the income statement as earned on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of the coverage.

2.10.2 Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

2.10.3 Realised and unrealised gains and losses

For financial instruments classified as available for sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset sold, minus any impairments recognised in the income statement after adjustment for the impact of any fair value hedge accounting.

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in ‘Realised and unrealised gains and losses’.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in ‘Realised and unrealised gains and losses’.

Previously recognised unrealised gains and losses recorded directly into equity are transferred to the income statement upon derecognition or upon the financial asset becoming impaired.

2.10.4 Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

Fees are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fee revenue from investment contracts

This relates to contracts, without discretionary participation features, issued by insurance companies that are classified as investment contracts, because the covered insurance risk is not significant. Revenues from these contracts consist of fees for the coverage of insurance, administration fees and surrender charges. Expenses include mortality claims and interest credited.

3 Acquisitions and disposals

As a result of the new strategy announced, the following significant acquisitions and disposals were made in 2010 and 2009. Details on acquisitions and disposals, if any, which took place after the date of the Statement of financial position are included in note 55 Events after the date of the statement of financial position.

3.1 Acquisitions in 2010

3.1.1 Kwik-Fit Insurance Services

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

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

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

The acquired activities of Kwik-Fit Insurance Services (KFIS) started to contribute to the net result as of August 2010 and generated a net profit of EUR 3.5 million, including amortisation of intangible assets of EUR 2.9 million. In addition, one-off acquisition costs had a negative impact of EUR 5.0 million.

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

The acquisition consolidates Ageas as the fourth largest personal lines intermediary distributor in the UK. It will further strengthen its retail operations providing additional capacity and creating a collective retail customer base of 1.6 million, and combined 2009 pro forma revenues of GBP 187 million. After completion of the transaction, an amount of cash is expected to be upstreamed resulting in a net of cash investment of about GBP 185 million. The return on investment is expected to exceed Ageas's minimum return requirement. In addition, this transaction will increase the level of profits from distribution, which in the dynamic UK market, tend to be a relatively stable source of income for successful distributors.

3.1.2 Acquisitions AG

AG Real Estate, a part of the Belgium activities dedicated to the real estate and parking business, has concluded some acquisitions in 2010. The largest ones are Venti M (a real estate fund acquired for 60% in the fourth quarter, 2010) and Metropark (parking business, acquired in the first quarter, 2010). The impact of these acquisitions on the Ageas consolidated statement of financial position at acquisition date was as follows:

Venti M

Assets		Liabilities	
Investment property	276.1	Borrowings	163.5
		Other liabilities	0.2
		Total liabilities	**163.7**
		Cost Price	67.4
		Non-controlling interests	45.0
Total Assets	**276.1**	**Total liabilities and cost price**	**276.1**

The acquired activities of Venti M generated in 2010 a contribution to the net profit attributable to shareholders of Ageas of EUR 0.2 million.

Metropark

Assets		Liabilities	
Cash & cash equivalents	7.2	Borrowings	20.2
Receivables	1.5	Current and deferred tax liabilities	24.2
Current and deferred tax assets	23.8	Accrued interest and other liabilities	1.6
Property, plant and equipment	5.1	Provisions	2.8
Intangible assets	111.0		
		Total liabilities	48.8
		Cost Price	99.8
Total Assets	**148.6**	**Total liabilities and cost price**	**148.6**

The acquired activities of Metropark generated in 2010 a net profit contribution of EUR 3.4 million.

3.2 Disposals in 2010

3.2.1 Fortis Luxembourg Non-Life

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

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

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

3.2.3 Fortis Life Insurance Ukraine

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

3.3 Acquisitions in 2009

3.3.1 Royal Park Investments SA/NV

As a result of the transactions closed on 12 May 2009, Ageas acquired, for the total sum of EUR 760.0 million, a 44.7% stake in Royal Park Investments (RPI), a special purpose vehicle that acquired part of the structured credit portfolio of Fortis Bank. This stake has been accounted for using the equity method. More information about RPI is provided in note 19.

3.3.2 Acquisition of 50% + 1 share of UBI Assicurazioni

Ageas and BNP Paribas Assurance acquired 50% + 1 share of UBI Assicurazioni from UBI Banca at year-end 2009. UBI Assicurazioni is active in the Italian market for non-life insurance, especially in the motor and property business, primarily through distribution through the bank channel of UBI Banca. The transaction was executed through a holding company (F&B Insurance Holdings), which is owned by Ageas (50% + 1 share) and BNP Paribas Assurance (50% -1 share). UBI Banca will keep 50% - 1 share. Ageas and BNP Paribas Assurance have paid a consideration of EUR 122.7 million in cash on completion. An additional consideration currently estimated at approximately EUR 20.9 million (net present value) will be payable to UBI Banca over a 10 year period, dependent upon the achievement of certain volume thresholds in the future. Including the additional payments, the acquisition price was EUR 143.6 million resulting in goodwill of EUR 107.1 million.

3.3.3 Other investments

Further to the investments mentioned above Ageas concluded some minor acquisitions, especially in real estate funds and the parking business.

3.4 Disposals in 2009

Ageas sold a stake of 25% + 1 share (Ageas now holds 75% - 1 share) of AG Insurance to Fortis Bank for EUR 1,375.0 million on 12 May 2009. The sale generated a capital gain of EUR 697.0 million.

3.5 Assets and liabilities of acquisitions and disposals

The table below provides details of the assets and liabilities resulting from the acquisition or disposal of subsidiaries, associates at the date of acquisition or disposal.

	2010		2009	
	Acquisitions	*Divestments*	*Acquisitions*	*Divestments*
Assets and liabilities of acquisitions and divestments				
Cash and cash equivalents	30.7	(14.5)	40.0	(2.4)
Financial investments		(15.4)	354.3	(22.7)
Investment property	276.1		117.0	
Loans		(7.6)	20.8	(0.4)
Investments related to unit-linked contracts		(179.5)		
Investments in associates	25.1	(33.7)	848.5	(13.2)
Reinsurance and other receivables	57.0	(2.9)	105.8	(5.7)
Current and deferred tax assets	24.2		22.5	
Accrued interest and other assets	3.7	(2.4)	59.9	(7.3)
Property, plant and equipment	24.6	(0.6)	0.3	(0.3)
Goodwill and other intangible assets	360.4	(7.5)	140.1	(1.2)
Assets held for sale		(28.5)		34.5
Liabilities arising from insurance and investment contracts		(23.5)	442.3	(15.7)
Liabilities related to unit-linked contracts		(179.5)		
Subordinated liabilities			3.0	
Borrowings	190.1	(0.1)	66.0	(0.1)
Current and deferred tax liabilities	38.6	(0.1)	27.8	(0.8)
Accrued interest and other liabilities	53.0	(11.8)	59.9	(4.6)
Provisions	3.0		2.5	
Liabilities related to assets held for sale		(21.9)		21.9
Non-controlling interests	128.4		96.8	689.3
Changes in equity related to divestments				(10.6)
Net assets acquired / Net assets disposed of	**388.7**	**(55.7)**	**1,010.9**	**(698.1)**
Result of disposal, gross		15.3		714.6
Taxes on result of disposal				
Result on discontinued operations, net of taxes		15.3		714.6
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(388.7)	71.0	(1,010.9)	1,412.7
Less: Cash and cash equivalents acquired / divested	30.7	(14.5)	40.0	(2.4)
Cash used for acquisitions / received from disposals	**(358.0)**	**56.5**	**(970.9)**	**1,410.3**

The total purchase consideration in 2010 amounted to EUR 472.0 million for acquisitions of subsidiaries and associates which was off-set by a capital increase of EUR 83.3 million paid by non-controlling interests.

4 Shareholders' equity

The following table shows the composition of shareholders' equity as at 31 December 2010.

Share capital	
- Ordinary shares: 2,623,380,817 shares issued and paid consisting of	
one share of ageas NV nominal value EUR 0.42 and one share of ageas SA/NV par value EUR 0.42	2,203.6
Share premium reserve	14,394.7
Other reserves	(8,877.4)
Currency translation reserve	81.9
Net profit attributable to shareholders	223.1
Unrealised gains and losses	221.2
Shareholders' equity	**8,247.1**

4.1 Ordinary shares

Shares issued and potential number of shares

In addition to the shares already outstanding, Ageas issued options or instruments containing option features which could, upon exercise, lead to an increase in the number of outstanding shares. Shares can also be issued due to the so-called Alternative Coupon Settlement Method (ACSM), included in certain hybrid financial instruments (for details see Note 52 Contingent liabilities). The table below gives an overview of the shares issued and the potential number of shares as at 31 December 2010.

Number of shares as at 31 December 2010	**2,623,380,817**
Shares that may be issued:	
- in connection with option plans (see Note 10)	24,687,630
Total potential number of shares as at 31 December 2010	**2,648,068,447**

Fortis Bank has issued a financial instrument called CASHES in 2007. One of the features of this instrument is that it can only be redeemed through conversion of the instrument into 125,313,283 Ageas shares. Fortis Bank has acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of shares outstanding of Ageas). However, Fortis Bank and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged for the CASHES (see note 6 Earnings per share and note 52 Contingent liabilities).

The number of shares issued includes also shares that were issued related to the convertible instrument FRESH (39,682,540). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux. One of the features of this instrument is that it can only be redeemed through conversion of the instrument into 39,682,540 Ageas shares. Ageasfinlux has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of shares outstanding of Ageas). However, Ageasfinlux and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged for the FRESH. As Ageasfinlux is a subsidiary of Ageas, the shares related to the FRESH are treated as treasury shares and eliminated against shareholders' equity (see note 6 Earnings per share and note 30 Subordinated liabilities).

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Treasury shares

Treasury shares are ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders' equity under the heading Other reserves. No gain or loss is recognised on the purchase or sale of treasury shares, or on rights obtained to buy or sell such shares. Consideration paid or received, including after tax transaction costs, is recognised directly in shareholders' equity.

Outstanding shares

The following table shows the number of outstanding shares:

	Shares issued	*Treasury shares*	*Shares outstanding*
Number of shares as at 1 January 2009	**2,516,657,248**	**(41,828,197)**	**2,474,829,051**
Balance (acquired)/sold		198,367	198,367
Number of shares as at 31 December 2009	**2,516,657,248**	**(41,629,830)**	**2,475,027,418**
Issued related to MCS	106,723,569		106,723,569
Balance (acquired)/sold		1,121,365	1,121,365
Number of shares as at 31 December 2010	**2,623,380,817**	**(40,508,465)**	**2,582,872,352**

On 7 December 2010, Ageas issued 106,723,569 Ageas shares related to the mandatory conversion of Mandatory Convertible Securities (MCS). At conversion of the MCS, Ageas has recorded a EUR 0.2 billion increase in its shareholders' equity. This corresponds to the fair value of the liability for the MCS, calculated as the contractually foreseen number of shares issued (106,723,569) multiplied by Ageas's opening share price of EUR 1.90 at conversion date, i.e. 7 December 2010. There were no costs related to the issuance of the shares.

According to agreements entered into between the parties, Fortis Bank Nederland N.V. (now ABN AMRO N.V.) had to compensate Ageas by issuing new shares at conversion. Consequently, a claim of Ageas on ABN AMRO Bank N.V. has been recognised for an amount of EUR 2 billion (see note 20), based on the original agreement between all issuing parties of the MCS. This compensation is disputed by the Dutch State, after it took over control of Fortis Bank Nederland N.V. Awaiting further evolutions in the legal disputes with the Dutch State, a provision has been recorded for the same amount (see note 35 and note 52).

The following table provides a specification of treasury shares as at 31 December.

	2010		*2009*	
	Number	*Value*	*Number*	*Value*
Held as available for sale	40,508,465	69.3	41,629,830	109.1
Balance as at 31 December	**40,508,465**	**69.3**	**41,629,830**	**109.1**

The treasury shares held by Ageas at year-end 2010 (as at year end 2009) mainly relate to the FRESH securities (39,682,540). Details of the FRESH securities are provided in Note 30.1.

4.2 Other reserves

The negative amount of EUR 8,877.4 million (2009: EUR 9,872.5 million negative) in Other reserves relates mainly to the loss in 2008 due to the sale of (former) group companies. In addition to this loss, amounts included in Other reserves relate to the accounting principles Ageas applied prior to the introduction of IFRS as well as the application of exemptions provided for in IFRS 1, First-time Adoption of International Financial Reporting Standards.

Treasury shares, i.e. ordinary shares bought back by Ageas, are deducted from Shareholders' equity and reported in Other reserves.

4.3 Currency translation reserve

The currency translation reserve is a separate component of shareholders' equity in which the exchange differences are reported arising from translation of the results and financial positions of foreign operations that are included in the Ageas Consolidated Financial Statements.

Ageas does not hedge the net investments in foreign operations unless the impact of potential foreign exchange currency movements is considered beyond Ageas's risk appetite. However, loans not provided for permanent funding purposes and known payments or dividends in a foreign currency, are hedged. Exchange differences arising on loans and other currency instruments designated as hedging instruments of such investments are recorded in equity (under the heading Currency translation reserve) until the disposal of the net investment, except for any hedge ineffectiveness, which will be immediately recognised in the income statement. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

4.4 Unrealised gains and losses included in shareholders' equity

The table below shows the unrealised gains and losses included in shareholders' equity.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*DPF component*	*Total*
31 December 2010					
Gross	91.3	151.7	(1.6)		241.4
Related tax	(14.4)				(14.4)
Shadow accounting	(95.2)				(95.2)
Related tax	28.8				28.8
Non-controlling interests	73.7				73.7
Discretionary participation feature (DPF)	(0.5)			0.5	
Total (including foreign exchange differences)	**83.7**	**151.7**	**(1.6)**	**0.5**	**234.3**
Transfer to currency translation reserve	(1.0)	(12.1)			(13.1)
Total	**82.7**	**139.6**	**(1.6)**	**0.5**	**221.2**
31 December 2009					
Gross	1,658.2	82.9	(0.2)		1,740.9
Related tax	(497.6)				(497.6)
Shadow accounting	(344.2)				(344.2)
Related tax	95.4				95.4
Non-controlling interests	(223.6)				(223.6)
Discretionary participation feature (DPF)	(5.3)			5.3	
Total (including foreign exchange differences)	**682.9**	**82.9**	**(0.2)**	**5.3**	**770.9**
Transfer to currency translation reserve	(3.7)	3.7			
Total	**679.3**	**86.6**	**(0.2)**	**5.3**	**770.9**

Unrealised gains and losses on available for sale investments are discussed in detail in Note 16.

Changes in the fair value of derivatives that are designated and qualify as a cash-flow hedge are recognised as an unrealised gain or loss in Shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement. Exchange differences arising on instruments designated as hedges of a net investment in a foreign entity are recorded in shareholders' equity until the disposal of the net investment, except for any hedge ineffectiveness, which is immediately recognised in the income statement.

Ageas enters into insurance contracts that feature not only a guaranteed part but also other benefits, of which the amounts and the timing of declaration and payment are solely at the discretion of Ageas. Depending on the contractual and statutory terms and conditions, unrealised changes in the fair value of the asset mix related to such contracts are, after the application of shadow accounting, reported as part of shareholders' equity under separate discretionary participation features (DPF) and in unrealised gains and losses related to available-for-sale investments.

The table below shows changes in gross unrealised gains and losses included in shareholders' equity for 2009 and 2010.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*DPF component*	*Total*
Gross unrealised gains (losses) as at 1 January 2009	**527.7**	**95.1**			**622.8**
Changes in unrealised gains (losses) during the year	1,022.4	1.0	(0.2)		1,023.2
Reversal unrealised gains (losses) because of sales	109.1				109.1
Foreign exchange differences	3.7	(3.7)			
Divestments of associates	(2.8)	(11.0)			(13.8)
Other	(1.9)	1.5			(0.4)
Gross unrealised gains (losses) as at 31 December 2009	**1,658.2**	**82.9**	**(0.2)**		**1,740.9**
Changes in unrealised gains (losses) during the year	(1,228.0)	57.3	(1.4)		(1,172.1)
Reversal unrealised gains (losses) because of sales	(339.9)				(339.9)
Foreign exchange differences	1.0	12.1			13.1
Divestments of associates	(0.1)				(0.1)
Other	0.1	(0.6)			(0.5)
Gross unrealised gains (losses) as at 31 December 2010	**91.3**	**151.7**	**(1.6)**		**241.4**

4.5 Dividend

Once a dividend is declared, shareholders may choose to receive the dividend from ageas SA/NV (Belgium) or from ageas N.V. (the Netherlands). The gross dividend of ageas SA/NV is equal to the gross dividend of ageas N.V.

If a shareholder does not elect to receive dividend from one of the above, a default procedure will apply based primarily on the domicile of the shareholder (for registered shares) or of the central securities depository with which the shareholders' bank has deposited the shares (in the case of shares held in a securities account), with Belgian residents receiving solely Belgian dividends and Dutch residents receiving solely Dutch dividends. Shareholders domiciled in neither Belgium nor the Netherlands will receive a Belgian and a Dutch dividend in equal proportions. Holders of physical bearer shares who do not specify the source of their dividend will receive a wholly Belgian dividend.

The companies comprising Ageas are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders. The Dutch Civil Code stipulates that a Dutch company may pay dividends only if the net equity of that company exceeds the total of the paid up and called up capital and the reserves required by law or by the company's Articles of Association.

Under the Belgian Companies Code, 5% of a company's annual net profit must be placed in a legal reserve fund until this fund reaches 10% of the share capital. No dividends may be paid if the value of the company's net assets falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserves.

Subsidiaries are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those subsidiaries operate.

Proposed dividend for 2010

The Board of Directors will propose to the Annual General Meetings of Shareholders on 27 and 28 April 2011 a total cash dividend of 8 Eurocent per share. The proposed dividend is in agreement with the Ageas dividend policy.

5 Non-controlling interests

The following table provides information about the most significant non-controlling interests in Ageas entities.

	% of non-controlling interest	Amount as at 31 December 2010	% of non-controlling interest	Amount as at 31 December 2009
Group company				
AG Insurance	25.0%	877.9	25.0%	954.4
Fortis Luxembourg Vie SA	50.0%	44.1	50.0%	46.8
Interparking SA	10.1%	81.8	10.1%	79.2
Venti M	40.0%	44.9		
Cortenbergh le Corrège	38.8%	3.9		
Millenniumbcp Ageas	49.0%	406.6	49.0%	477.2
F&B/UBI Assicurazioni	75.0%	91.1	75.0%	93.2
Tesco Insurance Ltd	49.9%	71.8	49.9%	
Other				3.2
Total		**1,622.1**		**1,654.0**

Non-controlling interest represents the relative participation of a third party in the shareholders' equity of an Ageas subsidiary as determined by Ageas IFRS accounting principles. Ageas acquired in 2010 a 60% share in Venti M (a real estate fund (see also note 3.1.2)). Also in 2010, Ageas and Tesco Bank started up Tesco Insurance Ltd. Ageas holds 50.1% and Tesco Bank 49.9% in this company. Related to the start up of the company a capital contribution was executed.

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6 Earnings per share

The following table details the calculation of earnings per share.

	2010	2009
Net profit attributable to shareholders	223.1	1,209.8
Elimination of finance costs on convertible debt (net of tax impact)		
Net profit used to determine diluted earnings per share	**223.1**	**1,209.8**
Weighted average number of ordinary shares for basic earnings per share	2,482,267,630	2,474,987,564
Adjustments for:		
- assumed conversion of convertible securities		
- share options		
- restricted shares	109,605	469,740
Weighted average number of ordinary shares for diluted earnings per share	**2,482,377,235**	**2,475,457,304**
Basic earnings per share (in euro per share)	0.09	0.49
Diluted earnings per share (in euro per share)	0.09	0.48

In 2010, weighted average options on 26,491,907 shares (2009: 32,220,563) with weighted average exercise prices of EUR 20.06 per share (2009: EUR 21.57) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares. During 2010, 39,682,540 Ageas shares (2009: 39,682,540) arising from the FRESH were excluded from the calculation of diluted earnings per share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 125,313,283 (2009: 125,313,283) issued in relation to CASHES are included in the ordinary shares although they do not bear dividend nor voting rights until the moment of conversion of the CASHES (see also note 52).

7 Risk Management

7.1 Introduction

Partnerships are an essential element in the strategy of Ageas. Our group thus integrates not only legal entities that are themselves regulated insurance companies, many of them are a joint venture with a prime partner in their country. Each of them must have its own adequate Risk Management as this is an integral part of the insurance business. Risk Management is therefore part of the activities of all managers across the group. The mission of the Risk Management department at group level and within the operations is to ensure that risks that affect the achievement of our objectives (strategic, operational or financial, etc.) are promptly identified, measured, managed, reported and monitored.

In practice Ageas's risk management aims to achieve the following objectives:
- understand the key risks being taken and ensure no plausible scenario would cause the company to default on its obligations to policyholders and debt holders;
- define a risk appetite and ensuring that the risk profile is kept within the limits defined;
- support the Group's decision making process by ensuring that consistent, reliable and timely risk information is available to the decision makers and using that information to provide a risk opinion;
- create a culture of risk awareness in which each manager carries out his duty to be aware of the risks of his business, to manage them adequately and report them transparently;
- monitoring of limits, reporting limits breaches to the appropriate Committee and ensuring that adequate actions are taken.

Ageas's risk framework is composed of the following elements:
- risk organisation and governance;
- core policies and guidance;
- measurement and modeling methods;
- risk appetite;
- reporting requirements.

This risk framework is permanently under review to ensure Ageas builds on the strengths of the past and the lessons learned during extreme market conditions of the last years. Also the framework will need to be regularly adapted to the needs of Ageas. The framework is targeted to support the mission, objectives, high standards of risk management at group and local business level and to ensure that the above mentioned objectives are met.

By operating within certain pre-defined tolerances and adhering to policies that limit the overall risk the company is exposed to, it is able to accept risk with the full knowledge of potential returns and losses both for the company and for its shareholders.

Ageas must, at all times, maintain a solvency position such that no plausible scenario would cause the company to default on its obligations to policyholders. To accomplish this, Ageas has established the following objectives for its risk management strategy related to Solvency:

- maintain a 200% Solvency I ratio: This objective is applicable to the consolidated Ageas position. At local companies' level, Ageas maintains capital adequacy levels at whichever is the higher of local regulatory requirements and any additional self-imposed economic requirements in line with their risk position;
- maintain solvency even under extreme event scenarios: Ageas must remain solvent in the case of plausible extreme events.

Details on the solvency position of Ageas are provided in note 8.

Active in many markets as a provider of insurance, both Life and Non-Life, Ageas faces a number of risks that, whether internal or external, may affect the company's operations, its earnings, its share price, the value of its investments or the sale of certain products and services. Moreover next to its Insurance operations, Ageas has a General account, which mainly comprises activities not related to the core Insurance business, such as group finance, other holding activities and Ageas Reinsurance (in run off). In addition, the General Account also administrates the so-called legacy issues. These legacy issues consist of the investments in Royal Park Investments, claims on ABN AMRO, the option on BNP Paribas shares, the liabilities related to the CASHES/RPN(I), the provision related to the dispute with the Dutch State and a number of contingent liabilities related to litigations.

Risk management in 2010

2010 was a year of tremendous market volatility and challenging market conditions. In the previous years of Euro convergence the insurance companies and in particular AG Insurance had limited ALM and market risk through a strong cash flow matching supported by, among others, European Governments debt. During 2009 and even more in 2010, the market became aware that some Euro-zone states, in a difficult economic and fiscal situation, might represent a higher credit risk than anticipated. Ageas thus suffered strongly from the unrest within the Euro-zone, affecting the Greek debt as of early 2010.

A wave of liquidity in the second quarter 2010 allowed to bring the concentration risk on Governments debt within the limits set, taking also the geographical spread of its business operations into account, except for the exposure on Greek debt. This restructuring generated both capital gains and losses. The last part of the year saw a gradual increase in interest rates, a widening in credit spreads also on the Belgian debt and a reduction in credit spreads on non-financial corporate debt reducing our capacity to carry through the second part of the rescheduling that should have increased the proportion of corporate debt even more strongly, within the fixed sector rating and counterparty limit boundaries.

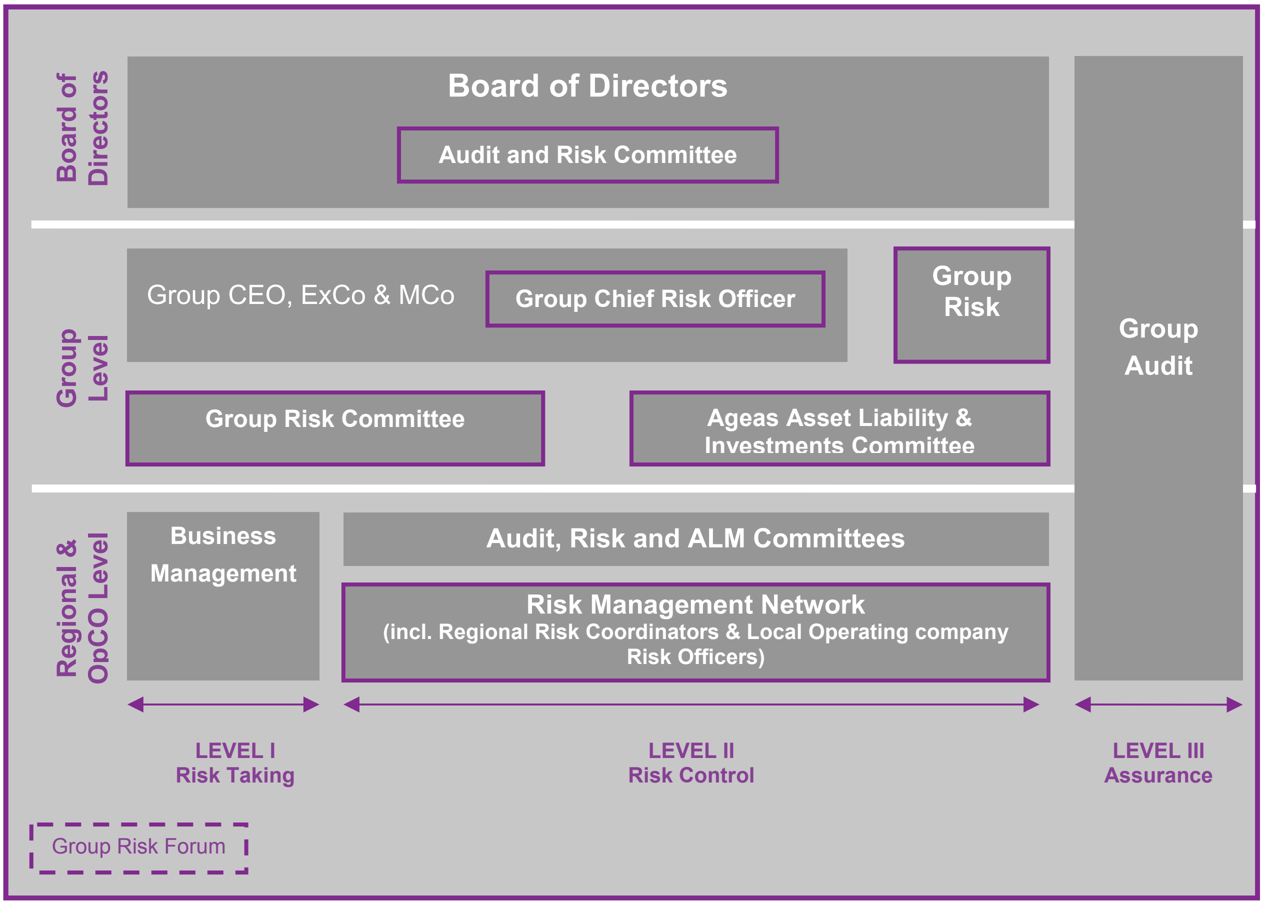
Ageas will continue to adjust its asset mix to the changing environment and the liability profile of its operating companies. For the Insurance operations in aggregate, this led to the decision to make an adjustment to the percentages allowed in corporate debt vs. government debt securities. The new target asset mix aims for higher investments in corporate debt and lower investments in government bonds and similar instruments.

7.2 Risk management organisation and governance

The Risk Management organisation is designed to ensure:

- clear responsibility and accountability regarding risk management and a culture of risk awareness;
- independence of the risk management functions;
- transparent and coherent risk-related decision-making, covering all risks of the risk taxonomy;
- knowledge and best practice sharing and high standards of risk management;
- consistency to enable aggregate risk reporting and oversight at group level.

The risk governance and organisation is summarised below.



Ageas's risk framework emphasises the importance of ensuring the responsibility for good risk management is very clear within each insurance business. Each business is responsible for having in place a risk framework which meets its own needs and takes into account the group standards. Each operating company thus will develop its risk appetite, limits and strategic asset allocation, and these will be challenged at the Group level to ensure they are consistent with group policies.

On group level, Ageas has in place:

- the Audit and Risk Committee, assisting the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control and risk management in the broadest sense within Ageas, including internal control over financial reporting;
- the Group Risk Committee (GRC), which supports the management in ensuring that key risks are well understood, risk management procedures are in place and as a consequence, appropriate decisions are taken;
- the Ageas Investment Committee whose role includes monitoring of overall market risks to ensure they are managed in accordance with the risk framework and within agreed limits. It advises management in decisions regarding investments. This role also includes making specific decisions or recommendations relating to ALM at group holding level;
- a Chief Risk Officer (CRO) who is a member of the Executive Committee. The CRO is supported in his work by the Group Risk Officer heading the Group Risk department;
- a Group Risk function which is responsible for:
  - the monitoring of the overall risk profile of the group including the aggregate risk profile of the insurance companies and the group holding assets and liabilities;
  - ensuring that a comprehensive risk management framework is in place, coordinating development and improvements to this group risk framework;
  - providing risk reports and opinions on risks across the group;
  - coordinating major joint risk initiatives such as the Solvency II project;
  - supporting the work of the Group Risk team and Committee and providing risk reporting and opinion to the CEO and Group Board (directly and via the Audit and Risk Committee).

Ageas's Risk Management gives guidance to management, but is not responsible for the management decisions or the execution.

Ageas Group Management and Risk Management is considered the second level of control – their role is primarily one of setting the high level strategy and aggregate risk appetite and to coordinate, monitor, challenge and support.

Internal Audit provides an important additional level of control by both systematic and ad hoc assessments of management processes including risk management, ensuring policies adherence and auditing risk practices.

Each insurance company:

- is responsible for managing its risks and ensuring that it has a comprehensive risk management framework in place;
- is responsible for managing its risks within the limits, policies and guidelines set by Ageas Group, regulators and its local Board;
- has a Risk Committee, which supports its management team in ensuring that key risks are well understood and appropriate risk management procedures are in place;
- has an ALM or Risk Committee whose role includes monitoring of market risks to ensure they are managed in accordance with the risk framework and within agreed limits and to make specific decisions or recommendations relating to ALM;
- has a risk function to support the work of the Risk Committee and provides risk reporting and opinions to the local CEO, local Board and to Group management.

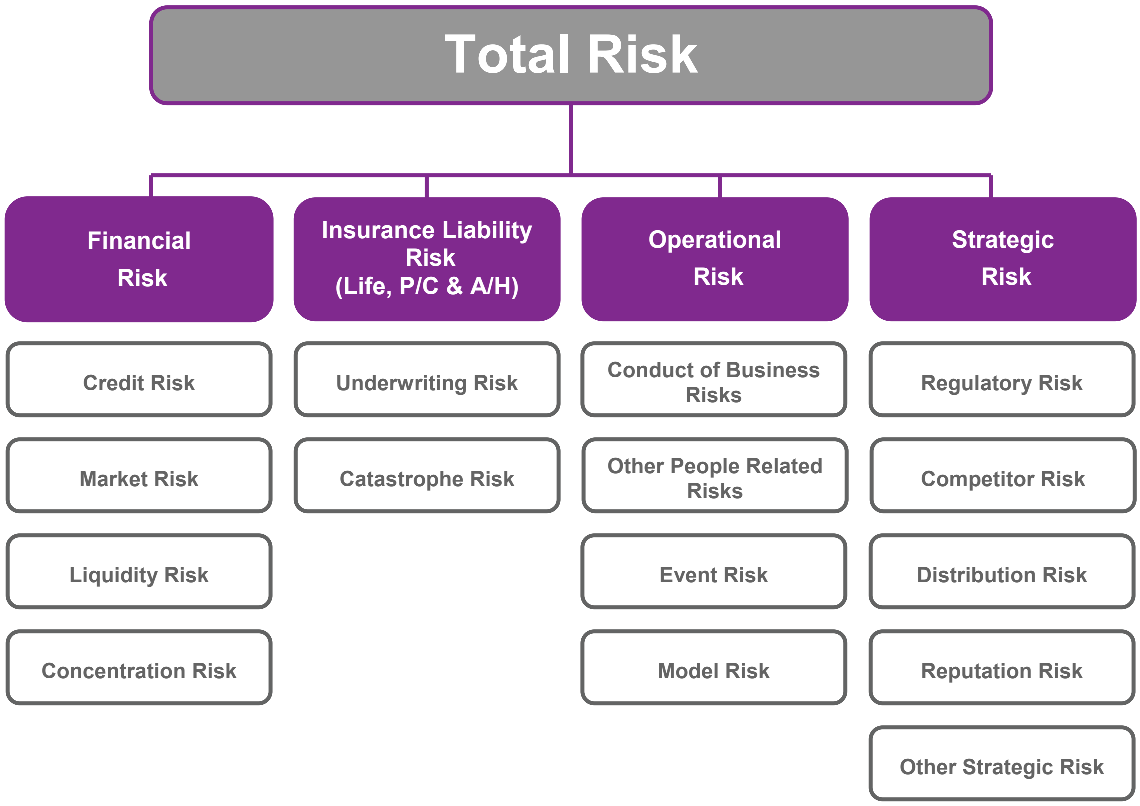
Local management is considered the first level of control as they have primary responsibility for identifying and managing risk within their operations.

There are a number of mechanisms in place to favour consistency, transparency, sharing of knowledge and that group wide developments benefit from the practical experience and expertise of the operating entities and that development changes are accepted and implemented. Risk Managers from each operating company are a member of the Ageas Group Risk Forum (GRF) which meets regularly to share knowledge and best practice and to jointly develop and improve the group risk framework. Changes to the group risk framework are either submitted by the GRF to the Group Risk Committee (GRC) or initiated directly by the GRC. The Chief Risk Officers from the major operating companies are part of the GRC which ensures that decisions or recommendations made by the GRC take into account the views and expertise of the operations. The most significant risk issues and methodologies are also reviewed and decided upon at the Management and Executive Committees and by the Board. Once changes to the group risk framework have been agreed by the group level bodies, they are then taken to each local Board for formal adoption by the operating entity.

The Group Risk Committee scope includes the General Account which contains, amongst others, legacy financial assets and liabilities. The General Account is managed separately from the insurance companies.

7.3 Risk taxonomy

Ageas operates across a wide range of insurance products across many countries. Ageas is therefore exposed to a wide range of risks. Ageas's risk taxonomy is intended to provide a complete overview of the potential risks the businesses can face. Below is the Risk taxonomy as applicable during 2010:



7.4 Financial Risk

Financial risk encompasses all risks relating to the value and performance of financial assets. This includes:

- credit risk which arises from counterparty defaults;
- liquidity risk which arises from the unexpected need for cash and potential difficulties of obtaining it at short notice;
- market risk which arises from fluctuation in values and interest rates.

Financial risk is the most significant risk for many of Ageas's operations. The risk framework in place in all operations combines investment policies, limits, stress tests and regular monitoring to control the nature and level of financial risks and to ensure that risks being taken are appropriate for both customer and shareholder and are appropriately rewarded.

The overall asset mix is determined by operating companies based on asset mix studies to identify the appropriate strategic asset and regular monitoring of the market situation and prospects to decide on the tactical allocation. The decision process needs to balance risk appetite, capital requirements, long term risks and return, policyholder expectations, profit sharing requirements and tax and liquidity issues to arrive at an appropriate target mix.

The mission of Group Risk Management includes monitoring aggregate risk appetite covering financial risks and working with the operating companies to develop the group policies and best practice which must be adopted by the local boards to ensure they become part of the local regular activity.

7.4.1 Credit Risk

Credit risk arises because of the risk of counterparty defaults or because the value of Ageas's investments changes due to changes in the credit spreads.

Credit risk arises within Insurance primarily in the investment portfolios. The credit risks within the General Account relate mainly to loans that are outstanding to former subsidiaries of Ageas (Fortis).

Credit risk is managed through limits which take into account the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems. Ageas also monitors its largest exposures to individual entities, groups and other potential concentrations such as sectors and geographics to ensure adequate diversification and identification of significant concentration risk.

A significant portion of Ageas's liabilities are illiquid. Ageas generally aims to hold credit assets to maturity. This helps reduce the impact of spread risk significantly because the liabilities are illiquid. Ageas cannot be forced to sell at distressed prices, but can choose to sell if it consideres this to be the best course of action.

Credit risk can also arise due to purchasing of re-insurance and other risk mitigation. Ageas minimises this risk through policies on counterparty selection, collateral requirements and diversification.

The following table highlights the credit risk Ageas is exposed to.

31 December 2010	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 15)	**389.3**	**184.8**	**270.8**	**154.0**	**2,259.4**		**3,258.3**
Derivatives held for trading (assets) (see note 16)	**22.0**		**2.7**		**31.4**		**56.1**
Loans	2,568.9		448.7	124.7	2,670.1	(1,274.3)	4,538.1
Impairments	(5.9)		(0.8)	(3.2)			(9.9)
Total Loans, net (see note 18)	**2,563.0**		**447.9**	**121.5**	**2,670.1**	**(1,274.3)**	**4,528.2**
Interest bearing investments	42,447.6	1,724.3	8,430.7	989.8	242.5		53,834.9
Impairments	(6.3)				(2.5)		(8.8)
Total Interest bearing investments, net (see note 16)	**42,441.3**	**1,724.3**	**8,430.7**	**989.8**	**240.0**		**53,826.1**
Reinsurance and other receivables	718.7	481.4	281.6	57.2	2,408.2	(95.3)	3,851.8
Impairments	(6.3)	(3.5)	(6.1)	(5.0)	(2.4)		(23.3)
Total Reinsurance and other receivables, net (see note 20)	**712.4**	**477.9**	**275.5**	**52.2**	**2,405.8**	**(95.3)**	**3,828.5**
Total credit risk exposure, gross	46,146.5	2,390.5	9,434.5	1,325.7	7,611.6	(1,369.6)	65,539.2
Impairments	(18.5)	(3.5)	(6.9)	(8.2)	(4.9)		(42.0)
Total credit risk exposure, net	**46,128.0**	**2,387.0**	**9,427.6**	**1,317.5**	**7,606.7**	**(1,369.6)**	**65,497.2**

31 December 2009	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 15)	**823.8**	**125.8**	**329.5**	**80.7**	**4,275.9**		**5,635.7**
Derivatives held for trading (assets) (see note 16)	**91.7**		**3.7**	**0.8**	**54.1**		**150.3**
Loans	2,240.0		913.9	129.7	1,989.2	(1,130.3)	4,142.5
Impairments	(6.3)		(1.1)	(2.8)			(10.2)
Total Loans, net (see note 18)	**2,233.7**		**912.8**	**126.9**	**1,989.2**	**(1,130.3)**	**4,132.3**
Interest bearing investments	41,146.6	1,300.2	7,919.3	764.1	256.2		51,386.4
Impairments	(24.6)		(0.9)		(5.1)		(30.6)
Total Interest bearing investments, net (see note 16)	**41,122.0**	**1,300.2**	**7,918.4**	**764.1**	**251.1**		**51,355.8**
Reinsurance and other receivables	650.6	293.2	306.0	47.4	434.1	(84.2)	1,647.1
Impairments	(8.1)		(6.5)	(3.2)	(365.6)		(383.4)
Total Reinsurance and other receivables, net (see note 20)	**642.5**	**293.2**	**299.5**	**44.2**	**68.5**	**(84.2)**	**1,263.7**
Total credit risk exposure, gross	44,952.7	1,719.2	9,472.4	1,022.7	7,009.5	(1,214.5)	62,962.0
Impairments	(39.0)		(8.5)	(6.0)	(370.7)		(424.2)
Total credit risk exposure, net	**44,913.7**	**1,719.2**	**9,463.9**	**1,016.7**	**6,638.8**	**(1,214.5)**	**62,537.8**

The line interest bearing investments includes Government bonds, Corporate debt securities and Structured credit instruments included in Investments available for sale and Investments held at fair value through profit or loss.

A. Credit Risk Concentration

Credit Risk Concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to Ageas credit risk strategy of maintaining granular, liquid and diversified portfolios. Each operating company is responsible for its own counterparty limits, taking into account its particular situation and any group requirements. Each operating company is in charge of continuous monitoring. Periodical reporting allows the group to check these and monitor the overall position.

The table below provides information on the concentration of on-balance credit risk by location of the Ageas entities as at 31 December.

	2010		2009	
	Credit risk exposure on balance	Percentage	Credit risk exposure on balance	Percentage
On balance				
Belgium	46,104.8	70.3%	44,914.9	71.3%
UK	2,339.8	3.6%	1,673.8	2.7%
Continental Europe	10,286.1	15.7%	9,817.8	15.6%
Asia	1,249.1	1.9%	951.3	1.5%
General	5,559.4	8.5%	5,604.2	8.9%
Total on balance	**65,539.2**	**100.0%**	**62,962.0**	**100.0%**

The table below provides information on the concentration of on-balance credit risk by location of customer as at 31 December.

	2010		2009	
	Credit risk exposure on balance	Percentage	Credit risk exposure on balance	Percentage
On balance				
Belgium	16,978.4	25.9%	14,979.7	23.8%
UK	3,013.1	4.6%	2,027.2	3.2%
Continental Europe	42,746.4	65.2%	43,969.7	69.8%
Asia	566.1	0.9%	422.7	0.7%
Other countries	2,235.2	3.4%	1,562.7	2.5%
Total on balance	**65,539.2**	**100.0%**	**62,962.0**	**100.0%**

To manage the concentration of credit risk, Ageas's credit risk management policy aims to spread the credit risk across different sectors and countries.

The table below provides information on the concentration of on-balance credit risk by type of counterparty as at 31 December.

	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
31 December 2010						
On balance						
Belgium	10,081.8	3,088.0	791.7	1,714.3	1,302.6	16,978.4
UK	613.2	1,362.3	930.0		107.6	3,013.1
Continental Europe	21,244.0	15,574.8	4,599.6	32.6	1,295.4	42,746.4
Asia	35.2	290.9	196.0	42.6	1.4	566.1
Other countries	382.2	970.9	881.8		0.3	2,235.2
Total on balance	**32,356.4**	**21,286.9**	**7,399.1**	**1,789.5**	**2,707.3**	**65,539.2**
31 December 2009						
On balance						
Belgium	6,959.7	5,346.7	796.5	1,674.5	202.3	14,979.7
UK	553.3	982.5	477.3		14.1	2,027.2
Continental Europe	25,639.1	14,307.0	3,459.4	34.3	529.9	43,969.7
Asia	32.2	175.3	170.9	41.0	3.3	422.7
Other countries	327.6	724.8	509.7		0.6	1,562.7
Total on balance	**33,511.9**	**21,536.3**	**5,413.8**	**1,749.8**	**750.2**	**62,962.0**

The table below shows the highest exposures on ultimate parents measured on fair value concentrated in Governmental and supranational debt.

Highest Exposure Top 10	Group Rating	Fair Value	Nominal Value
Belgian national government	AA+	10,085.3	9,833.6
French national government	AAA	6,591.9	6,203.4
German national government	AAA	5,227.6	4,583.3
Italian national government	A+	3,588.5	5,628.8
Austrian national government	AAA	3,340.6	3,073.8
European Investment Bank	AAA	2,201.6	2,053.1
Portuguese national government	A-	1,874.3	2,083.8
Spanish national government	AA	1,662.6	1,702.5
Dutch national government	AAA	1,533.2	1,495.2
Greek national government	BB+	1,216.6	1,849.5
Total		**37,322.2**	**38,507.0**

B. Credit Risk quality

The table below outlines the credit quality by investment grade of debt securities based on external ratings.

	2010		2009	
	Carrying value	Percentage	Carrying value	Percentage
Investment grade				
AAA	23,992.9	44.6%	17,546.0	34.2%
AA	15,095.3	28.0%	12,610.4	24.5%
A	10,785.6	20.0%	16,020.2	31.2%
BBB	2,190.2	4.1%	4,901.9	9.5%
Investment grade	52,064.0	96.7%	51,078.5	99.4%
Below investment grade	1,570.0	2.9%	141.4	0.3%
Unrated	192.1	0.4%	135.9	0.3%
Total investments in interest bearing securities, net	53,826.1	100.0%	51,355.8	100.0%
Impairments	8.8		30.6	
Total investments in interest bearing securities, gross	**53,834.9**		**51,386.4**	

The bond portfolio is highly geared towards high investment grade bonds. 97% of the bonds are investment grade with 93% rated A or higher. Almost 75% of the portfolio is government or government like and 16% of the portfolio is invested in financial credits of which up to 88% percent has a rating higher than or equal to A. The amount below investment grade includes in 2010 the Government bonds of Greece and Ireland.

C. Additional information on the quality of Government Bonds and Corporate Bonds

The table below provides information on Government bonds.

	31 December 2010	31 December 2009
By IFRS classification		
Available for sale	32,302.1	33,435.3
Held at fair value through profit or loss		10.4
Total government bonds	**32,302.1**	**33,445.7**
By rating		
AAA	12,691.0	6,719.1
AA	12,128.2	10,701.9
A	5,743.5	12,223.3
BBB	530.9	3,787.4
Total investment grade	31,093.6	33,431.7
BB or lower	1,207.9	8.0
Unrated	0.6	6.0
Total non-investment grade and unrated	1,208.5	14.0
Total government bonds	**32,302.1**	**33,445.7**

The table below provides information on Corporate bonds.

	31 December 2010	31 December 2009
By IFRS classification		
Available for sale	4,910.2	3,173.4
Held at fair value through profit or loss		
Total corporate bonds	**4,910.2**	**3,173.4**
By rating		
AAA	866.7	960.1
AA	581.7	351.9
A	2,720.5	1,547.2
BBB	523.0	234.1
Total investment grade	4,691.9	3,093.3
BB or lower	188.5	42.5
Unrated	29.8	37.6
Total non-investment grade and unrated	218.3	80.1
Total corporate bonds	**4,910.2**	**3,173.4**

The table below provides information on the rating of bonds of banks and other financial institutions.

	31 December 2010	31 December 2009
By IFRS classification		
Available for sale	15,989.6	14,132.0
Held at fair value through profit or loss	103.7	82.3
Total banking and other financials	**16,093.3**	**14,214.3**
By rating		
AAA	10,094.7	9,553.7
AA	2,354.8	1,528.4
A	2,311.4	2,201.6
BBB	1,109.6	854.2
Total investment grade	15,870.5	14,137.9
BB or lower	117.6	33.2
Unrated	105.2	43.2
Total non-investment grade and unrated	222.8	76.4
Total banks and other financials	**16,093.3**	**14,214.3**

D. Credit Risk mitigation

In addition to diversification and avoiding concentrations, credit risk can be reduced by hedging or by obtaining collateral. Collateral and guarantees received as security for financial assets and commitments are as follows as at 31 December.

		Collateral received				
2010	*Carrying amount*	*Financial instruments*	*Property, plant & equipment*	*Other collateral and guarantees*	*Collateral amounts in excess of credit exposure* [1]	*Unsecured exposure*
Cash and cash equivalents	3,258.3					3,258.3
Interest bearing investments	53,826.1	29.4				53,796.7
Loans to banks	2,067.6	102.7				1,964.9
Loans to customers	2,460.6	137.0	2,365.8	16.6	745.8	687.0
Other receivables	3,828.5					3,828.5
Total credit exposure, net	**65,441.1**	**269.1**	**2,365.8**	**16.6**	**745.8**	**63,535.4**
2009						
Cash and cash equivalents	5,635.7					5,635.7
Interest bearing investments	51,355.8					51,355.8
Loans to banks	1,815.8					1,815.8
Loans to customers	2,316.5	132.3	2,466.8	13.6	879.8	583.6
Other receivables	1,263.7					1,263.7
Total credit exposure, net	**62,387.5**	**132.3**	**2,466.8**	**13.6**	**879.8**	**60,654.6**

1) *'Collateral amounts in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.*

Collateral value is determined by means of a prudent valuation approach based on a range of criteria, including the nature and specific type of the collateral, its liquidity and the volatility of its value.

E. *Past due credit exposure*

A financial asset is past due if a counterparty has failed to make a payment when contractually due or if it has exceeded an advised limit or has been advised of a limit smaller than its current outstanding. Financial assets which have reached the 90-days past due trigger are automatically classified as impaired.

The table below provides information on the ageing of past due financial assets not classified as impaired as at 31 December.

	Carrying amount of assets	≤ 30 days past due	> 30 days & ≤ 60 days past due	> 60 days past due	Total past due
2010					
Cash and cash equivalents	3,258.3				
Interest bearing investments	53,826.0				
Loans to banks	2,067.4				
Loans to customers	2,361.7	44.2	12.2	4.4	60.8
Other receivables	3,825.1	2,016.7	2.6	367.6	2,386.9
Total	**65,338.5**	**2,060.9**	**14.8**	**372.0**	**2,447.7**
2009					
Cash and cash equivalents	5,635.7				
Interest bearing investments	51,352.8				
Loans to banks	1,815.6				
Loans to customers	2,236.1	68.9	17.7	13.4	100.0
Other receivables	1,261.6				
Total	**62,301.8**	**68.9**	**17.7**	**13.4**	**100.0**

Collateral and guarantees received as security for past due but not impaired financial assets are detailed below as at 31 December.

		Collateral Received				
2010	Carrying amount	Financial Instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure [1)]	Unsecured exposure
Loans to customers	60.8	2.1	121.3		64.2	1.6
Other receivables	2,386.9					2,386.9
Total past due credit exposure	**2,447.7**	**2.1**	**121.3**		**64.2**	**2,388.5**
2009						
Loans to customers	100.0		91.9		25.9	34.0
Total past due credit exposure	**100.0**		**91.9**		**25.9**	**34.0**

1) *'Collateral and guarantees in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.*

F. *Impaired credit exposure*

Impairment for specific credit risk is established if there is objective evidence that Ageas will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount.

The table below provides information on impairments and the impaired credit risk exposure as at 31 December, confirming the quality of the portfolio.

	2010			2009		
	Impaired outstanding	Impairments for specific credit risk	Coverage ratio	Impaired outstanding	Impairments for specific credit risk	Coverage ratio
Interest bearing investments	8.9	(8.8)	98.9%	33.6	(30.6)	91.1%
Loans to banks	1.4	(1.2)	85.7%	1.6	(1.4)	87.5%
Loans to customers	107.6	(7.8)	7.2%	89.2	(8.0)	9.0%
Other receivables	26.7	(23.3)	87.3%	385.5	(383.4)	99.5%
Total impaired credit exposure	**144.6**	**(41.1)**	**28.4%**	**509.9**	**(423.4)**	**83.0%**

The following table provides details on collateral and guarantees received as security for financial assets and commitments classified as impaired as at 31 December.

		Collateral Received				
2010	Impaired outstanding	Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of impaired credit exposure 1)	Unsecured exposure
Interest bearing investments	8.9					8.9
Loans to banks	1.4					1.4
Loans to customers	107.6	4.0	121.2		21.9	4.3
Other receivables	26.7					26.7
Total impaired credit exposure	**144.6**	**4.0**	**121.2**		**21.9**	**41.3**
2009						
Interest bearing investments	33.6					33.6
Loans to banks	1.6					1.6
Loans to customers	89.2	4.5	122.2		41.3	3.8
Other receivables	385.5					385.5
Total impaired credit exposure	**509.9**	**4.5**	**122.2**		**41.3**	**424.5**

1) *'Collateral and guarantees received in excess of impaired credit exposure' equals the aggregated surplus of security received on an individual contract basis.*

The table below provides information on the duration of impairment, i.e. the period between the financial asset's first impairment event and 31 December.

	< 1 year impaired	> 1 year < 5 years impaired	> 5 years impaired	Total
2010				
Interest bearing investments	0.5	8.4		8.9
Loans to banks		1.4		1.4
Loans to customers	80.4	24.2	3.0	107.6
Other receivables	12.1	7.7	6.9	26.7
Total impaired credit exposure	**93.0**	**41.7**	**9.9**	**144.6**
2009				
Interest bearing investments	7.9	25.7		33.6
Loans to banks		1.6		1.6
Loans to customers	69.2	18.1	1.9	89.2
Other receivables	372.1	8.5	4.9	385.5
Total impaired credit exposure	**449.2**	**53.9**	**6.8**	**509.9**

The accrued interest on impaired financial assets is not material in 2010 and 2009.

Write-offs are based on Ageas's latest estimate of its recovery and represent the loss that Ageas considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss term (i.e. the term within which all expenses will exceed the amount of recovery) has been reached.

7.4.2 Liquidity Risk

Liquidity risk is the risk of not meeting actual payments when they are due. It has two components:

- *Funding liquidity risk* is the risk that expected and unexpected cash demands of policyholders, and other contract holders cannot be met without suffering unacceptable losses or without endangering the business franchise.
- *Market liquidity risk* concerns the inability to realise assets due to inadequate market depth, or market disruption. As such it is related to market risk.

Each business ensures they can meet all local and group liquidity requirements by identifying and monitoring liquidity risk, so that the circumstances under which liquidity issues are possible are known and understood (i.e. expected liability run-off profile, mass lapse event, slow down in new business, change in rating etc.), as well as their ability to respond (i.e. liquidity of assets in a crisis). In the General Account, the aggregate liquidity is monitored including payments relating to legacy instruments, transfers to/from operating companies, dividend payments to shareholders both under current conditions and stress conditions.

The table below shows Ageas's assets and liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date. It covers all Ageas assets and liabilities and therefore includes both the insurance business and holding activities.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
At 31 December 2010						
Assets						
Fixed rate financial instruments	608.0	553.7	2,161.4	16,892.3	35,580.6	55,796.0
Variable rate financial instruments	720.6	929.9	238.9	573.9	1,554.9	4,018.2
Non-interest bearing financial instruments	3,887.4	1,440.8	361.6	222.5	4,542.0	10,454.3
Non-financial assets	8,154.2	963.4	2,606.8	2,778.6	14,395.2	28,898.2
Total assets	**13,370.2**	**3,887.8**	**5,368.7**	**20,467.3**	**56,072.7**	**99,166.7**
Liabilities						
Fixed rate financial instruments	221.4	297.2	1,039.0	468.8	1,704.8	3,731.2
Variable rate financial instruments	13.6	10.3	16.0	174.1	2,691.9	2,905.9
Non-interest bearing financial instruments	560.4	867.1	3,301.3	16,241.6	34,810.7	55,781.1
Non-financial liabilities	9,146.5	2,160.2	1,983.8	3,639.6	9,949.2	26,879.3
Total liabilities	**9,941.9**	**3,334.8**	**6,340.1**	**20,524.1**	**49,156.6**	**89,297.5**
Net liquidity gap	**3,428.3**	**553.0**	**(971.4)**	**(56.8)**	**6,916.1**	**9,869.2**
Liabilities including future interest						
Fixed rate financial instruments	233.9	321.4	1,146.1	1,126.4	1,812.5	4,640.3
Variable rate financial instruments	13.6	10.9	16.3	174.9	1,452.6	1,668.3
Non-interest bearing financial instruments	560.4	867.1	3,301.3	16,241.6	34,810.7	55,781.1
Non-financial liabilities	9,146.5	2,160.2	1,983.8	3,639.6	9,949.2	26,879.3
Total liabilities undiscounted amount	**9,954.4**	**3,359.6**	**6,447.5**	**21,182.5**	**48,025.0**	**88,969.0**
At 31 December 2009						
Total assets	11,853.1	1,231.9	3,844.0	18,608.1	57,786.9	93,324.0
Total liabilities	7,856.5	1,553.5	5,454.1	22,587.2	45,787.7	83,239.0
Net liquidity gap	**3,996.6**	**(321.6)**	**(1,610.1)**	**(3,979.1)**	**11,999.2**	**10,085.0**

Essential in the net liquidity gap position are the debt instruments that Ageas issued in the past to support the activities of the former Fortis. Some of these debt instruments have been further extended to former Ageas (Fortis) subsidiaries. Those instruments amount at year-end 2010 to around EUR 1.0 billion (2009: EUR 0.9 billion). Ageas watches daily the timely repayments (including interest) on these instruments as well as whether the underlying conditions of these instruments are met (for details on the credit exposure of Ageas which includes these instruments see 7.2; specific details about the debt instruments are provided in note 30 Subordinated liabilities). Details on the management within insurance of the investment of positions in financial instruments are set out in 7.3 Risk Taxonomy.

Ageas has issued a number of perpetual financial instruments which are included in the table above. These instruments are:

- Hybrone: the principal loan amounts to EUR 500 million. Coupons are payable annually at the rate of 5.125% of the principal amount until June 20, 2016. After June 20, 2016, coupons will be paid at a floating rate of 3 month EURIBOR plus 2.00% per annum. Hybrone is included in the line Fixed rate financial instruments.
- Nitsh I: the principal loan amounts to US$750 million. Coupons are payable semi-annually at the rate of 8.25% Perpetual Securities. Nitsh I is included in the line Fixed rate financial instruments.
- Nitsh II: the principal loan amounts to EUR 625 million. Coupons are payable semi-annually at the rate of 8.00% Perpetual Securities. Nitsh II is included in the line Fixed rate financial instruments.

These instruments are shown in the table above within the net liquidity gap based on the carrying amount and including accrued interest for the period. Under the heading Liabilities including future interest the instruments are shown as follows: the interest amounts based on the rate applicable at year-end 2010 are included in the buckets Up to 1 month till 1 – 5 years. The principal amount is included under the heading Over 5 years, being the perpetual undiscounted amount as of that date.

The FRESH is in accordance with IFRS excluded from the undiscounted amounts since the principal amount of EUR 1,250 million can only be redeemed through conversion into Ageas shares.

7.4.2.1 Interest Rate Risk

Changes in interest rate risk can impact the products the insurance companies sell through, for example, guarantees and profit sharing and the value of Ageas's investments. It arises because of a mismatch between the sensitivity of assets and liabilities to changes in interest rates.

Ageas measures, monitors and controls its interest rate risk using a number of indicators including mismatch analysis and stress testing. The investment policies usually require close matching unless specifically approved. Longer term business can be difficult to match due to lack of availability of suitable assets and the matching strategy will be determined taking into account the risk appetite, availability of assets, current and prospective market rates and levels of guarantee. Derivatives are sometimes used to hedge interest-rate risk.

The typically long-insurance liabilities imply a negative gap on the long maturity buckets and a positive one on the shorter part of the curve.

7.4.2.2 Equity and Real Estate Risk

Equity and real-estate risk arises due to variations in the value or yield of the investments. These risks are controlled through limit setting based on the risk appetite and through investment policies that require a range of controls to be in place including what action will be taken in the event of significant falls in value (for example CPPI mechanism[2]). Pro-active management of this risk in recent years resulted in the rapid reduction in exposure to equity risk through sales and hedging. It helps to limit losses and to ensure that the insurance companies remain solvent throughout the financial crisis.

2 CPPI stands for Constant Proportion Portfolio Insurance and is a technique for ensuring that liabilities are protected by ensuring that a fixed minimum return is achieved on the relating assets either at all times or more typically, at a set date in the future.

For risk management purposes, Ageas bases its definition of equity exposure on the underlying assets and risks. On a risk based approach, total economic exposure to equities is given in the table below together with a reconciliation to the IFRS reported figures.

	2010		2009	
	IFRS Definition	*Economic exposure*	*IFRS Definition*	*Economic exposure*
Type of asset				
Direct equity investments	1,359.9	1,316.0	661.0	661.0
Equity funds	135.4	191.0	84.0	84.0
Private equity			2.0	2.0
Mixed funds	114.1	56.0	102.0	102.0
Structured funds			21.0	21.0
Hedge funds	26.9		32.0	32.0
Bond funds	116.5		62.0	
Money market funds	6.0		26.0	
Real estate funds (SICAFI/REITS)	591.5		574.0	
Other equity funds				26.0
Total equity securities and other investments	**2,350.3**	**1,563.0**	**1,564.0**	**928.0**

For risk management purposes, Ageas defines the exposure to real estate on the market value of the assets and include the assets held for own use. This differs from exposure reported under IFRS definitions which exclude unrealised gains and report property held for own use. The table below identifies what Ageas considers economic exposure to real estate and how this reconciles to the figures reported under IFRS.

	2010		2009	
	IFRS Definition	*Economic exposure*	*IFRS Definition*	*Economic exposure*
Type of asset				
Carrying amount				
Investment properties	1,900.3	1,900.3	1,652.7	1,652.7
PP&E: land and buildings for own use	974.4	974.4	1,035.1	1,035.1
Unrealised capital gain				
Investment properties		555.1		552.7
PP&E: land and buildings for own use		410.8		390.5
Buildings under construction				
Buildings held for resale	25.6	25.6	37.2	37.2
Real estate funds		591.5		574.0
Other real estate funds				12.0
Real estate certificates				11.0
Other real estate assets transferred from other assets (goodwill, intangibles, leasings)				284.0
Total risk based view on real estate exposure	**2,900.3**	**4,457.7**	**2,725.0**	**4,549.2**

7.4.2.3 Currency Risk

Currency risk arises when a business has a mismatch between the currency of the assets and the liabilities or where Ageas owns businesses which operate with currencies other than the Euro.

Ageas's investment policy limits this risk by requiring the currency mismatch between assets and liabilities to be minimised and in most cases it is eliminated entirely.

Ageas accepts the mismatch arising from ownership of operating businesses in non-euro currencies as a consequence of being an international group. Ageas does, however, hedge any known cashflows (dividends or capital injections) that are due to be made within one year.

The main currency risk exposures to foreign currencies as at 31 December are stated in the table below. The exposures shown are net (assets minus liabilities), after hedging.

Currency (in Eur million)	*HKD*	*GBP*	*THB*	*MYR*	*CNY*	*TRY*	*HUF*	*USD*	*JPY*	*NOK*	*AUD*	*NZD*	*RUB*	*INR*
At 31 December 2010														
Total assets	825.2	2,969.3	154.4	253.8	244.3		3.5	2,133.7	7.9	(3.0)	12.1	6.8	0.4	19.5
Total liabilities	585.2	1,897.0						1,602.9	0.5	22.8	34.8	22.2	0.4	
Total assets minus liabilities	240.0	1,072.3	154.4	253.8	244.3		3.5	530.8	7.4	(25.8)	(22.7)	(15.4)		19.5
Off balance	98.4							98.4		28.2	27.8	16.3		
Net position	338.4	1,072.3	154.4	253.8	244.3		3.5	629.2	7.4	2.4	5.1	0.9		19.5
Of which invested in equity stakes	780.1	776.1	154.4	253.8	244.3									7.6
At 31 December 2009														
Total assets	1,086.0	2,001.0	90.0	220.0	137.0	173.0	3.0	1,650.0	3.0	1.0	3.0	2.0	3.0	11.0
Total liabilities	567.0	1,423.0				167.0		1,366.0		31.0	37.0	26.0	6.0	
Total assets minus liabilities	519.0	578.0	90.0	220.0	137.0	6.0	3.0	284.0	3.0	(30.0)	(34.0)	(24.0)	(3.0)	11.0
Off balance	32.0							(20.0)		30.0	33.0	23.0		
Net position	551.0	578.0	90.0	220.0	137.0	6.0	3.0	264.0	3.0		(1.0)	(1.0)	(3.0)	11.0
Of which invested in equity stakes	683.0	513.4	90.4	219.9	199.2	7.0							(2.0)	10.8

7.4.2.4 Stress Tests

The table below shows the impact on the IFRS income statement and IFRS Equity as the result of stress tests that are calibrated based on a one in every 30 year event.

- Equity : (30)%; non-regulated equities (40)%;
- Spread risk : factor times duration. The factor ranges from 70bp for AAA to almost 2% for BBB corporates;
- Interest Rate : up and down around 50% on the short end of the yield curve to over 20% on the long end;
- Real estate : (18)%;
- Non EUR currency : (19)% (for all non EUR currency simultaneously).

Figures in EUR million	*Impact on P&L*	*Impact on IFRS Equity*
Equity - market risk	(268.9)	(389.2)
Spread - rate risk	(10.3)	(451.4)
Interest - rate risk -100bp	(23.6)	1,383.4
Interest - rate risk +100bp	2.7	(2,008.7)
Real - estate risk	(175.1)	(219.7)
Currency risk		(133.0)

7.5 Insurance Risks

Insurance risks refer to all insurance underwriting risks due to changes in claims arising from uncertainty and timing of the claims as well as changes to the underlying assumptions, including expenses and lapses, made at the start of the policy.

Life risk includes longevity risk, mortality risk and morbidity risk (i.e. illness risk) and disability risk. These are sometimes referred to as biometric risks. Life risk also covers lapse changes and changes in costs which can have a considerable impact on the ultimate cost of the liabilities especially for long term business.

Non-life risk is the risk that claims are higher than expected. The causes can be split between catastrophe risk which is when a significant event such as a windstorm leads to a jump in claims or more general claim risks which can have a range of triggers including inflation or customer behaviour being different from that expected.

Each business manages insurance risks through a combination of underwriting policy, pricing policy, provisioning, and reinsurance. Particular attention is made on ensuring that the customer segment who buys the product is consistent with the underlying assumptions made about the customers when the product was designed and priced.

Underwriting policies are set at local level as part of the overall management of insurance risk and involve review procedures by actuarial staff, who examines the actual loss experience. A range of indicators and statistical analysis tools are employed to refine underwriting standards in order to improve loss experience and/or ensure pricing is adjusted appropriately.

Insurance companies aim to set premiums at a level that will ensure that premiums received plus the investment income earned on them exceed the total of claims, costs of handling those claims and the cost of managing the business. The appropriateness of pricing is tested using a range of techniques and key performance indicators appropriate to a particular portfolio, on both a priori basis (e.g. profit testing) and a posteriori basis (e.g. embedded value, combined ratios).

The factors taken into consideration when pricing insurance vary by product according to the cover and benefits offered. However, in general they include:

- expected claims by policyholders and related expected payouts and their timing;
- the level and nature of variability associated with the expected benefits. This includes analysis of claims statistics as well as consideration of the evolution of jurisprudence, the economic climate and demographic trends;
- other costs of producing the relevant product, such as distribution, marketing, policy administration, and claim administration costs;
- financial conditions, reflecting the time value of money;
- solvency capital requirements;
- target levels of profitability;
- insurance market conditions, notably competitor pricing of similar products.

7.5.1 Mortality/longevity risk

Mortality risk arises due to unexpected changes to mortality rates because of an epidemic disease, or a major event such as an industrial accident or natural disaster. Mortality risk of this type is mitigated through limits set in the underwriting policy and via a number of excess-of-loss and catastrophe reinsurance treaties.

Longevity risk is the unexpected increase in survival rates resulting in an improved life expectancy, and is managed through underwriting policy, regular reviewing of the mortality tables used for pricing and establishing liabilities, limitation of the contract period and review of pricing at renewal. Where longevity is found to be rising faster than assumed in the mortality tables, additional provisions are set up and pricing of new products is adjusted accordingly.

7.5.2 Disability risk

Disability risk covers the uncertainty in claims due to disability rates and levels that are higher than expected. This can, for example, arise in the disability and health business and workmen’s compensation portfolios.

The incidence of, and recovery from, disabilities are influenced by the economic environment, government intervention, medical advances and costs, as well as standards used for disability assessment. This risk is managed through regular review of historical claim patterns and expected future trends, and includes adjustment of pricing, provisioning and underwriting policies accordingly. Ageas insurance companies also mitigate disability risk through medical selection strategies and appropriate reinsurance cover.

7.5.3 Expense and Persistency risks

When designing and pricing insurance policies, assumptions also need to be made relating to the costs of selling and then administrating the policies until they lapse or mature and of the rate of persistency that will be experienced. The risks that actual experience may be different than the potential impact are identified during the product development stage and can be mitigated by thorough product design, for example use of early redemption penalties/loyalty bonuses, initial charges or spreading the commission paid to distributors to align interests.

7.5.4 Non-life claims risk

Non-Life claims risk can differ from the expected outcome for a range of reasons. For example, short-tail claims, such as motor damage and property damage claims, are generally reported within a few days or weeks and are settled soon afterwards. The resolution of long-tail claims, such as body injury or liability claims, can take years to complete. In the case of long-tail claims, information concerning the event, such as medical treatment required, may, due to its very nature, not be readily obtainable. Analysis of long-tail losses is also more difficult, requires more detailed work and is subject to greater uncertainties than analysis of short-tail losses.

Ageas’s insurance companies take into account experience with similar cases and historical trends, such as reserving patterns, exposure growth, loss payments, pending levels of unpaid claims, as well as court decisions and economic conditions.

To mitigate the claims risk, Ageas's insurance companies adopt selection and underwriting policies based on their historical claims experience and modelling. They do this by client segment and class of business based on knowledge or expectations of future movements in claims frequency and severity. Ageas Insurance also benefits from diversification effects by engaging in a wide range of non-life insurance classes and geographies, and while this does not reduce the average claims it does significantly reduce the variation in the total claims book and therefore the risk. The risk of unexpectedly large claims is contained by policy limits, concentration management and re-insurance.

Life *Sensitivities (in EUR million)*	*Impact on value at [1)]* *31 December 2010*	*Impact on value at [1)]* *31 December 2009*
Mortality rates (5%)	28.9	29.4
Expenses (10%)	149.5	137.1
Lapse rates (10%)	43.4	29.4

Non-Life *Sensitivities (in EUR million)*	*Impact on pre-taxation profit at* *31 December 2010*	*Impact on pre-taxation profit at* *31 December 2009*
Expenses (10%)	93.8	85.0
Incurred claims 5%	(106.4)	(88.3)

1) Value refers to the embedded value that Ageas calculates for its major Life insurance entities. For further details on the calculation of the embedded value, a reference is made to the 2010 Embedded Value Report that is available on the Ageas website.

7.5.5 Reinsurance

Where appropriate, Ageas Insurance companies also enter into reinsurance contracts to limit their exposure to underwriting losses. This reinsurance may be on a policy-by-policy basis (per risk), or on a portfolio basis (per event), i.e. where individual policyholder exposures are within local limits but an unacceptable risk of accumulation of claims exists at group level (catastrophe risks). The latter events are mostly weather related or man made. Reinsurance companies are selected based primarily on pricing and counterparty risk considerations. The management of counterparty risk is integrated into the overall management of credit risk.

The major uses of external reinsurance include the mitigation of the impact of natural catastrophes (e.g. hurricanes, earthquakes and floods), large single claims from policies with high limits and multiple claims triggered by a single human-made event. We estimate that a 1 in 100 storm occurring simultaneously in Ageas's two largest markets, Belgium and UK, would result in additional gross claims of EUR 481 million (2009: EUR 428 million) before reinsurance and net claims of EUR 66 million (2009: EUR 95 million) after re-insurance.

The table below provides details of risk retention by product line (in nominal amounts).

	Highest retention per risk	Highest retention per event
2010		
Product lines		
Motor, Third Party liability	3,480,000.0	3,480,000.0
Motor Hull	Not applicable	3,500,000.0
Property	2,000,000.0	65,700,000.0
General Third Party Liability	2,500,000.0	2,500,000.0
Marine	400,000.0	Not applicable
Workmen's Compensation	2,700,000.0	2,700,000.0
Life/Disability	750,000.0	4,000,000.0
Personal Accident	300,000.0	Not applicable

The table below provides details by product line on the proportion of premiums ceded to reinsurers in the year ended 31 December (amounts in millions).

	Gross written premiums	Ceded premiums	Net premiums
2010			
Product lines			
Life	6,538.3	(72.8)	6,465.5
Accident & Health	760.7	(29.3)	731.4
Property & Casualty	2,452.8	(143.9)	2,308.9
General and eliminations	(0.2)		(0.2)
Total insurance	**9,751.6**	**(246.0)**	**9,505.6**
2009			
Product lines			
Life	6,594.6	(67.8)	6,526.8
Accident & Health	640.6	(27.2)	613.4
Property & Casualty	2,013.4	(101.6)	1,911.8
General and eliminations	(0.7)	4.2	3.5
Total insurance	**9,247.9**	**(192.4)**	**9,055.5**

7.5.6 Catastrophe Risk

Catastrophe risk is reinsured at the level of each of the operating companies taking into account their specificities:

- Natural Catastrophes in non-life (windstorm, earthquake, flood) are reinsured up to an amount between the one in 150 and the one in 200-year event. The protection is realized by excess of loss per event covers, completed for the largest exposure (Belgium) by an annual aggregate excess of loss cover (stop loss).
- Man-made catastrophes in non-life (fire, explosions, plane crash) and catastrophes life (death and/or disability) are reinsured up to amounts corresponding to estimates of worst-case scenarios and/or through market pools (terrorism).

7.6 Operational risks

All companies including financial institutions are subject to operational risk due to inadequately controlled internal processes or systems, human error or non-compliance as well as from external events and in general due to the uncertainty inherent in all business undertakings.

Each business is responsible for identifying, quantifying and managing their operational risks as part of the overall policies and requirements of their risk framework. The most significant risks are reported and monitored at group level. For certain operational risks such as financial losses due to fraud, computer crime, professional liability and personal liability, Ageas does transfer the risk to third parties through insurance arrangements.

Each year Ageas undertakes a group wide Control Risk Self Assessment process to identify forward looking key risks that could impact strategic or financial objectives and to assess risk and control framework that is in place to ensure these risks are managed on an ongoing basis. Each business follows up on their key risks on at least a quarterly basis and the most significant risks are also monitored at a group level. In addition to being a core part of Ageas's risk framework, this process leads to the management control statements made by each business and signed at group level by the Ageas CEO.

7.7 Strategic risks

Strategic risks cover external and internal factors that can impact Ageas's ability to meet its current business plan and also to position itself for achieving ongoing growth and value creation. This includes changes in the regulatory, legal or competitive landscape and reputation risks (see also note 52 Contingent liabilities). Business strategies need to take such risks into account and we aim to be pro-active in identifying such risks and responding to them.

Ageas's regular risk identification and assessment processes include strategic risks. These were also explicitly considered throughout the strategic review and planning processes and followed up as part of the regular performance dialogues.

7.8 Insurance liabilities adequacy testing

Each insurance company establishes liabilities for future claims on policies and sets aside assets to support those liabilities. This involves making estimates and assumptions that can affect the reported amount of assets, liabilities, shareholders' equity and income statement within the next year. These estimates are evaluated at each reporting date using statistical analysis based on internal and external historical data.

The adequacy of insurance liabilities is reviewed at each reporting date and requires increases in liabilities to be immediately recorded and recognised in the income statement. Ageas's Liability Adequacy Testing (LAT) Policy and process fulfill IFRS requirements. The LAT-Policy is defined and implemented to provide assurance to Ageas management that sufficient assets are held to back liabilities on a best-estimate, economic basis. An early warning mechanism ensures that actions are taken should the level of additional prudence (assets held above and beyond the best estimate level of liabilities) fall below certain levels. In addition, the LAT-Policy requires that all regulatory constraints are respected where they apply.

Certified actuaries (internal and external) have confirmed the overall adequacy of Liabilities arising from insurance and investment contracts as at 31 December 2010 as well as at 31 December 2009.

The risk that the actual outcome will exceed Liabilities arising from insurance and investment contracts cannot be eliminated completely, given the uncertainties inherent in the techniques, assumptions and data used in the statistical analysis. To ensure that the risk of being unable to meet policyholder and other obligations is reduced to extremely low levels, Ageas holds additional solvency capital.

The relative variability of the expected outcomes is lower for larger and more diversified portfolios. Factors that would increase insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, type of industry as well as negative changes in the public domain (such as legislative changes, etc.) and extreme events such as hurricanes.

Whenever such factors materialise, the level of risk is brought back down to the risk appetite levels by means of a risk transfer mechanism, such as reinsurance. This includes, but is not limited to, European weather events.

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Overview of Insurance Liabilities

Life liabilities

Life liabilities are established when a policy is sold in order to ensure that sufficient funds are set aside to meet the future claims relating to that policy.

Non-Life Liabilities

Non-life claims liabilities are made for claims that have occurred but have not yet been settled (i.e. expired risk). In general, Ageas insurance companies define claims liabilities by product category, cover and year and take into account undiscounted prudent forecasts of payouts on reported claims and estimates of unreported claims. Allowances for claims expenses and inflation are also included.

Unexpired risks – contracts for which premiums have been received but for which the risk has not yet expired – are covered by unearned premiums within Liabilities arising from insurance and investment contracts.

The table below provides an overview of the liabilities by operating segment.

		Non-life gross liability split			*Life gross liability split*	
	Total Non-life	*Unearned premium*	*Claims outstanding*	*Total Life*	*Unit-linked*	*Traditional life*
31 December 2010						
Belgium	3,141.4	338.9	2,802.5	48,198.9	6,687.2	41,511.7
UK	1,602.2	611.8	990.4			
Continental Europe	617.9	204.7	413.2	23,067.7	14,753.4	8,314.3
Asia				1,419.1	390.3	1,028.8
General account	177.5		177.5			
Eliminations	(90.4)		(90.4)	(2.6)		(2.6)
Insurance total	**5,448.6**	**1,155.4**	**4,293.2**	**72,683.1**	**21,830.9**	**50,852.2**
31 December 2009						
Belgium	2,973.3	339.2	2,634.1	45,377.3	6,569.5	38,807.8
UK	1,280.7	437.9	842.8			
Continental Europe	581.5	182.9	398.6	21,532.3	13,932.7	7,599.6
Asia				1,130.2	270.6	859.6
General account	181.4		181.4			
Eliminations	(82.9)		(82.9)	(3.5)		(3.5)
Insurance total	**4,934.0**	**960.0**	**3,974.0**	**68,036.3**	**20,772.8**	**47,263.5**

7.9 Loss reserve development table

The loss reserve development table shows the movements of accounting reserves from 31 December 2001 until 31 December 2010. All contracts concerned are insurance contracts as defined by IFRS.

Accident Year

As at 31 December 2010

All material figures quoted are undiscounted

Gross Ultimate Claims (Cumulative) for both Property & Casualty and Accident & Health:

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	1,318.8	1,439.7	1,482.2	1,651.1	1,775.5	1,877.8	2,028.6	2,131.6	2,202.2	2,433.1
Cumulative payments at:										
2002	394.8									
2003	601.2	461.6								
2004	730.7	654.7	421.2							
2005	813.5	782.2	618.9	455.9						
2006	881.9	877.9	755.4	658.5	480.6					
2007	926.2	937.1	843.9	796.8	689.1	530.4				
2008	970.1	991.0	917.8	908.7	840.6	760.4	631.4			
2009	1,001.4	1,041.9	984.7	1,001.1	967.5	939.4	912.6	654.6		
2010	994.4	1,060.9	1,028.8	1,057.4	1,047.6	1,055.0	1,081.4	922.9	679.1	
Reserves re-estimated at:										
2002	1,293.9									
2003	1,240.7	1,380.4								
2004	1,254.3	1,344.5	1,465.6							
2005	1,266.5	1,351.2	1,378.4	1,613.6						
2006	1,257.9	1,295.8	1,416.3	1,564.1	1,709.5					
2007	1,262.2	1,355.0	1,390.4	1,516.8	1,655.9	1,811.5				
2008	1,276.1	1,371.6	1,396.6	1,513.9	1,646.7	1,808.2	2,031.6			
2009	1,242.6	1,337.9	1,355.0	1,466.4	1,588.4	1,744.0	1,966.2	2,056.6		
2010	1,202.2	1,318.2	1,347.3	1,463.4	1,577.5	1,725.2	1,943.5	2,041.4	2,172.8	
Gross Outstanding Claims Liabilities (including IBNR)	207.9	257.2	318.4	406.1	529.9	670.2	862.1	1,118.5	1,493.7	2,433.1
Cumulative redundancy/deficiency from initial claims versus re-estimated reserves										
- Nominal	116.6	121.5	135.0	187.7	198.0	152.7	85.1	90.1	29.4	
- Percentage	8.8%	8.4%	9.1%	11.4%	11.2%	8.1%	4.2%	4.2%	1.3%	
Other claims liabilities (not included in table)										809.0
Claims with regard to workers' compensation and health care										1,135.3
Total claims balance sheet										**4,377.4**

The row ’Gross reserves for unpaid claims and claim expenses developed initially at the booking date’ represents the liabilities reported in the balance sheet on the reporting date for the year indicated in the column heading. As such, each amount in this row reflects the outstanding claim liabilities for all years of occurrence prior to and including the reporting year.

The first part of the runoff table related to ’Cumulative Payments‘ reports the cumulative amount of claim payments made per development period since the first of January of the year indicated. The payments relate to the years of occurrence prior to and including the year of liability reporting.

The second part of the runoff table entitled ‘Reserves re-estimated at’ shows an estimate of the final liabilities carried at 31 December of the year indicated in respect of all years of occurrence prior to and including this year at each future development period. The further the claims have developed, the more reliable the valuation of the liabilities becomes.

The row ’Gross outstanding claim liabilities (including IBNR)’ represents the amount reported at year end 2010.

All reserves that can be reported in a triangular format are presented in the run off table. Claim reserves that are held on a discounted level and some other liabilities are included in the reconciliation lines. All amounts in the table are calculated against the applicable currency rate at year end 2010 (the exposure mainly relates to the British pound).

8 Supervision and solvency

Ageas is designated as Insurance Group by its lead supervisor. As such, Ageas is subject to supervision at the consolidated level. The operating companies are subject to local supervision.

8.1 Ageas consolidated supervision

At the Ageas consolidated level, the Belgian Banking, Finance and Insurance Commission (CBFA) supervises Ageas. Their prudential supervision includes quarterly verification that Ageas, on a consolidated basis, meets the solvency requirements. The regulators in the countries in which the subsidiaries are located supervise the subsidiaries of Ageas in that country, using their own solvency measures and based on local accounting principles.

Based on the rules and regulations for Insurance Groups applicable in Belgium, Ageas reports on a quarterly basis to the CBFA its available regulatory capital and required solvency.

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

	2010	*2009*
Share capital and reserves	7,802.8	6,450.3
Net profit attributable to shareholders	223.1	1,209.8
Unrealised gains and losses	221.2	770.9
Shareholders' equity	8,247.1	8,431.0
Non-controlling interests	1,622.1	1,654.0
Total equity	9,869.2	10,085.0
Subordinated liabilities	2,926.9	2,850.3
Prudential filters		
Local required equalisation reserves for catastrophes	(113.6)	(165.6)
Pension adjustment	(14.1)	(9.4)
Revaluation of investment property, net of tax (at 90%)	562.0	553.9
Adjustment valuation of available for sale investments	(26.1)	(829.7)
Cash flow hedge	1.3	0.2
Goodwill	(819.9)	(649.7)
Other intangible assets	(406.4)	(239.9)
Expected dividend	(197.0)	(201.0)
Expected dividend, related to Call option BNP Paribas shares	(609.0)	(581.0)
Regulatory capital	11,173.3	10,813.1
Solvency ratio's		
Solvency requirements	3,253.3	2,948.5
Solvency excess	7,920.0	7,864.6
Solvency ratio	343.4%	366.7%

8.2 Ageas capital management

For its capital management, Ageas has developed its own view on the available capital and related required solvency. The main differences with the CBFA rules for insurance holdings are:

- investments in regulated equity associates and RPI are deducted from Total capital in the Ageas approach;
- the back-to-back on-lending of hybrid loans is deducted from Total capital in the Ageas approach;
- unrealised losses on debt instruments remain deducted from Total capital in the Ageas approach (this is determined on a segment level), while for the CBFA this is determined on a consolidated approach. In both approaches unrealised gains on debt securities are deducted from Available capital.

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

Ageas is of the opinion that the capitalisation levels must reflect appropriately the specific characteristics of the businesses including the commitments resulting from agreements with its partners. Ageas targets a minimum aggregate solvency ratio of 200% of the minimum regulatory requirements at the Total Insurance level. Ageas will review the minimum targets at the latest at the time of the introduction of Solvency II.

The General Account comprises the group functions, financing transactions, the internal reinsurance vehicle (in run off) as well as the so-called legacy related issues. For Ageas Reinsurance a regulatory capital requirement of EUR 4.0 million (2009: EUR 12.1 million) has been defined to cover the risks. For the remainder of the General Account Ageas has introduced the concept Discretionary Capital to determine the free available capital in the General Account. The Discretionary Capital is the net of the available capital less the investments in non-current assets, less commitments and contingencies and must be available in Cash.

8.2.1 Reconciliation of regulatory capital to Ageas Total capital

The reconciliation of Regulatory capital to Ageas's Total capital is presented below.

	2010	*2009*
Regulatory capital (See 8.1)	11,173.3	10,813.1
Reconciling items		
Revaluation of debt securities	(151.5)	
Net asset value insurance associates and RPI	(1,644.5)	(1,285.9)
Back-to-Back on lending of subordinated loans to Fortis Bank SA/NV	(864.2)	(830.1)
Other	37.4	35.0
Total Capital	**8,550.5**	**8,732.1**

8.2.2 Reconciliation of regulatory required solvency to Ageas required solvency

The required solvency for the insurance operations is equal to the requirements as defined by CBFA except for the requirements for regulated equity associates. In the Ageas approach, the investment in regulated equity associates are deducted from the available capital, instead of a proportional inclusion of the solvency requirements. In the regulatory approach the pro-rata part of the local solvency requirements of the regulated equity associates are included in the total solvency requirements.

	2010	*2009*
Reconciliation required solvency		
Regulatory required	3,253.3	2,948.5
Adjustment for insurance equity associates	(276.6)	(193.0)
Ageas solvency requirement	**2,976.7**	**2,755.5**

8.2.3 Capital ratios

At year-end 2010, the total capital of the insurance operations stood at EUR 6.8 billion (2009: EUR 6.4 billion), 227.3% of the required minimum (2009: 233.9%). The solvency ratio of Belgium amounted to 197.7% (2009: 205.2%). Based on local accounting and regulatory supervision, the solvency ratio for Belgium was even 222.8% (2009: 223.4%).

Year end 2010	*Belgium*	*UK*	*Continental Europe*	*Asia*	*Insurance total*	*General (incl. elim)*	*Total Ageas*
Total available capital	4,276.0	744.7	1,188.9	546.7	6,756.3	1,794.2	8,550.5
Minimum solvency requirements	2,162.7	191.7	562.4	55.9	2,972.7	4.0	2,976.7
Amount of total capital above minimum	2,113.3	553.0	626.5	490.8	3,783.6		
Total solvency ratio	197.7%	388.5%	211.4%	978.0%	227.3%		

Year end 2009	*Belgium*	*UK*	*Continental Europe*	*Asia*	*Insurance total*	*General (incl. elim)*	*Total Ageas*
Total available capital	4,119.7	472.4	1,325.6	499.6	6,417.3	2,314.9	8,732.2
Minimum solvency requirements	2,007.8	153.8	529.5	52.3	2,743.4	12.1	2,755.5
Amount of total capital above minimum	2,111.9	318.6	796.1	447.3	3,673.9		
Total solvency ratio	205.2%	307.2%	250.3%	955.3%	233.9%		

8.2.4 Discretionary capital

The discretionary capital is determined as follows:

Assets	*31 December 2010*	*31 December 2009*	**Liabilities**	*31 December 2010*	*31 December 2009*
Cash & Deposits at banks	2,759.4	4,275.9	Short Term (EMTN & Bank)	548.9	1,462.2
Due from FBB/AG Insurance	1,685.1	1,641.2	NITSH I, II & Hybrone	1,685.1	1,641.2
Other	691.0	638.9	RPN(I)	465.0	316.0
Claims on ABN AMRO	2,362.5		Other	720.7	740.2
Royal Park Investments	933.2	760.0	Provision dispute Dutch State	2,362.5	
Call Option BNP (2009 Net of tax)	609.0	580.0	FRESH	1,250.0	1,250.0
Loans to Opco's	485.1	347.9	Net equity	2,493.0	2,834.3
Total	**9,525.3**	**8,243.9**	**Total**	**9,525.3**	**8,243.9**
Net equity & FRESH				3,743.0	4,084.3
Invested in non-current assets on statement of financial position				(2,027.3)	(1,687.9)
Total Capital				**1,715.7**	**2,396.4**
Contingent assets off balance (Fortis Bank Tier 1 loan, due Sep 2011)				(1,000.0)	(1,000.0)
Delta dividend upstream versus outflow				(65.4)	(200.0)
Commitments with regard to M&A				(172.0)	(100.0)
Discretionary Capital (available in cash)				**478.3**	**1,096.4**

9 Post-employment benefits, other long-term employee benefits and termination benefits

Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the end of employment. Other long-term employee benefits are employee benefits which do not fall fully due within twelve months of the period in which the employees rendered the related service, including long-service awards and long-term disability benefits. Termination benefits are employee benefits payable as a result of the premature end of the employee's employment contract.

9.1 Post-employment benefits

9.1.1 Defined benefit pension plans and other post-employment benefits

Ageas operates defined benefit pension plans covering the majority of its employees. Ageas's preferred approach is to replace defined benefits plans by defined contribution plans, in order to better monitor and control the employer costs and to facilitate cross-country mobility.

Under defined benefit pension plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality tables, employee turnover, wage drift and economic assumptions such as inflation and discount rate. Discount rates are set by country or region on the basis of the yield (at closing date) of corporate AA-bonds.

In addition to pensions, post-employment benefits may also include other expenses such as reimbursement of part of health insurance premiums and favourable conditions on financial products, such as mortgage loans, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the statement of financial position as at 31 December regarding defined-benefit pension obligations and other post-employment benefits.

	Defined benefit pension plans		*Other post-employment benefits*	
	2010	*2009*	*2010*	*2009*
Present value of funded obligations	172.6	207.5		
Present value of unfunded obligations	296.1	282.3	60.0	44.3
Defined benefit obligation	**468.7**	**489.8**	**60.0**	**44.3**
Fair value of plan assets	(159.7)	(180.7)		
	309.0	**309.1**	**60.0**	**44.3**
Unrecognised actuarial gains (losses)	(33.8)	(35.6)	(6.9)	5.9
Unrecognised past service cost				
Unrecognised assets due to asset ceiling				
Other amounts recognised in the statement of financial position				
Net defined benefit liabilities (assets)	**275.2**	**273.5**	**53.1**	**50.2**
Amounts in the statement of financial position:				
Defined benefit liabilities	289.3	282.9	53.1	50.2
Defined benefit assets	(14.1)	(9.4)		
Net defined benefit liabilities (assets)	**275.2**	**273.5**	**53.1**	**50.2**

Defined benefit liabilities are classified under Accrued interest and other liabilities (see Note 34) and defined benefit assets are classified under Accrued interest and other assets (see Note 22).

As Ageas is a financial institution specialising in the management of employee benefits, some of its employees' pension plans are insured by Ageas insurance companies. Under IFRS, the assets backing these pension plans are non-qualifying and consequently may not be considered as plan assets. From an economic point of view, the net defined liability is offset by the non-qualifying plan assets which are held within Ageas (2010: EUR 236.1 million; 2009: EUR 225.8 million), resulting in a net defined liability of EUR 39.1 million in 2010 (2009: EUR 47.6 million) for defined benefit pension obligations.

The following table reflects the changes in net defined benefit liabilities (assets) as recognised in the statement of financial position.

	Defined benefit pension plans		*Other post-employment benefits*	
	2010	*2009*	*2010*	*2009*
Net defined benefit liabilities (assets) as at 1 January	**273.5**	**281.3**	**50.2**	**42.5**
Total defined benefit expense	33.4	26.9	3.7	6.3
Employer's contributions	(14.7)	(10.3)		
Benefits directly paid by the employer	(17.0)	(17.7)		
Acquisitions and disposals of subsidiaries	(2.6)			1.4
Transfer	0.8	(6.8)	(0.1)	
Foreign exchange differences	(0.1)	(0.2)		
Other	1.9	0.3	(0.7)	
Net defined benefit liabilities (assets) as at 31 December	**275.2**	**273.5**	**53.1**	**50.2**

Benefits directly paid by the employer relate to defined benefit pension plans that are directly held within an Ageas entity.

The table below shows the changes in defined benefit obligation.

	Defined benefit pension plans		*Other post-employment benefits*	
	2010	*2009*	*2010*	*2009*
Defined benefit obligation as at 1 January	**489.8**	**437.3**	**44.3**	**38.0**
Current service cost	19.5	17.1	1.7	1.1
Interest cost	22.7	23.7	2.2	2.0
Past service cost - vested benefits	(0.1)			3.3
Curtailments	1.8	(1.9)		
Settlements	(47.4)	(11.6)		
Actuarial losses (gains) on defined benefit obligation	0.9	48.0	12.5	(1.5)
Participants' contributions	0.3	0.3		
Benefits paid	(5.2)	(5.2)		
Benefits directly paid by the employer	(17.0)	(17.7)	(0.1)	
Acquisitions and disposals of subsidiaries	(2.6)			1.4
Transfer	0.5	(6.8)		
Foreign exchange differences	3.6	6.3		
Other	1.9	0.3	(0.6)	
Defined benefit obligation as at 31 December	**468.7**	**489.8**	**60.0**	**44.3**

Actuarial losses (gains) on defined benefit obligation mainly reflect the change in discount rate and other actuarial assumptions and the experience adjustment on defined benefit obligations.

The following table shows the changes in the fair value of plan assets.

	Defined benefit pension plans	
	2010	2009
Fair value of plan assets as at 1 January	**180.7**	**158.5**
Settlements	(43.5)	(8.0)
Expected return on plan assets	9.4	9.2
Actuarial gains (losses) on plan assets	0.7	10.8
Employer's contributions	14.7	10.3
Participants' contributions	0.3	0.3
Benefits paid	(5.2)	(5.2)
Transfer	(0.3)	(0.4)
Foreign exchange differences	2.9	5.2
Fair value of plan assets as at 31 December	**159.7**	**180.7**

Actuarial gains (losses) on plan assets are mainly the difference between actual and expected return. The following table shows the actual return on plan assets for defined benefit pension plans.

	Defined benefit pension plans	
	2010	2009
Actual return on plan assets	10.1	20.1

The following table shows the changes in the total of unrecognised actuarial gains (losses) on liabilities and assets.

	Defined benefit pension plans		Other post-employment benefits	
	2010	2009	2010	2009
Unrecognised actuarial gains (losses) as at 1 January	**(35.6)**	**1.8**	**5.9**	**4.5**
Curtailments	0.5			
Settlements	0.7			
Amortisation of unrecognised actuarial losses (gains) on defined benefit obligation	1.0	(3.4)	(0.2)	(0.1)
Amortisation of unrecognised actuarial losses (gains) on plan assets	0.6	3.6		
Actuarial gains (losses) on defined benefit obligation	(0.9)	(48.0)	(12.5)	1.5
Actuarial gains (losses) on plan assets	0.7	10.8		
Transfer		0.9	(0.1)	
Foreign exchange differences	(0.8)	(1.3)		
Unrecognised actuarial gains (losses) as at 31 December	**(33.8)**	**(35.6)**	**(6.9)**	**5.9**

The changes in unrecognised past service cost were nil in 2010 and EUR 0.3 million in 2009.

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table shows experience adjustments to plan assets and defined benefit obligations.

	Defined benefit pension plans					*Other post-employment benefits*				
	2010	*2009*	*2008*	*2007*	*2006*	*2010*	*2009*	*2008*	*2007*	*2006*
Experience adjustments to plan assets, gain (loss)	0.7	8.3	(25.0)	(187.0)	(33.0)					
As % of plan assets as at 31 December	0.4%	4.6%	(15.7%)	(4.2%)	(0.8%)					
Experience adjustments to defined benefit obligation, loss (gain)	(9.0)	1.8	16.0	131.0	92.0	(2.5)	2.9	5.0	(3.0)	87.0
As % of defined benefit obligation as at 31 December	(1.9%)	0.4%	3.7%	2.0%	1.2%	(4.2%)	6.5%	13.2%	(2.4%)	20.9%

The following table shows the components of expenses related to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		*Other post-employment benefits*	
	2010	*2009*	*2010*	*2009*
Current service cost	19.5	17.1	1.7	1.1
Interest cost	22.7	23.7	2.2	2.0
Expected return on plan assets	(9.4)	(9.2)		
Past service cost - vested benefits	(0.1)			3.3
Amortisation of unrecognised past service cost		0.3		
Amortisation of unrecognised actuarial losses (gains)				
on defined benefit obligation	1.0	(3.4)	(0.2)	(0.1)
Amortisation of unrecognised actuarial losses (gains) on plan assets	0.6	3.6		
Curtailments	2.3	(1.9)		
Settlements	(3.2)	(3.3)		
Total defined benefit expense	**33.4**	**26.9**	**3.7**	**6.3**

The current service cost, past service cost, amortisation of unrecognised actuarial losses (gains) on the defined benefit obligation and losses (gains) on curtailments and settlements impacting liabilities are included in Staff expenses (see Note 49). All other defined benefit expense items are included in Finance costs (see Note 45).

The table below shows the expected and actual return on non-qualifying assets for defined benefit pension plans. In accordance with IFRS, the expected return on non-qualifying assets can not be deducted from the defined benefit expense.

	2010	*2009*
Expected return on non-qualifying assets	9.5	8.8
Actual return on non-qualifying assets	8.7	8.0

The following table shows the principal actuarial assumptions made for the euro-zone countries.

	Defined benefit pension plans				*Other post-employment benefits*			
	2010		*2009*		*2010*		*2009*	
	Low	*High*	*Low*	*High*	*Low*	*High*	*Low*	*High*
Discount rate	4.1%	4.8%	4.2%	4.8%	2.4%	4.2%	2.4%	4.7%
Expected return on plan assets as at 31 December	3.5%	5.5%	4.0%	5.5%				
Future salary increases (price inflation included)	2.0%	5.0%	2.6%	5.0%				
Future pension increases (price inflation included)	1.8%	2.0%	1.8%	2.2%				
Medical cost trend rates					3.8%	3.8%	3.8%	4.2%

The discount rate on pensions is weighted by the defined benefit obligation on pensions. The discount rate on other post-employments benefits varies in 2010 from 2.4% in The Netherlands related to a 7 years duration, to 4.15% in Belgium, with a duration longer than 13 years, related to a younger population. The expected return on plan assets reflects an asset mix concentrated in group insurance contracts and bonds. The future salary increases varies in 2010 from 2% for employees older than 50, to 5% for employees aged 49 or younger.

The following table shows the principal actuarial assumptions made for other countries.

	Defined benefit pension plans	
	2010	*2009*
Discount rate	5.3%	5.2%
Expected return on plan assets as at 31 December	5.1%	5.2%
Future salary increases (price inflation included)	5.0%	5.0%
Future pension increases (price inflation included)	3.0% - 5.0%	3.0% - 5.0%

The euro-zone represents 74% of Ageas's total defined benefit obligations. Other countries include only obligations in the United Kingdom. Other post-employment benefits in countries outside the euro-zone are not regarded as significant.

Ageas uses the government bond curve and AA-graded corporate bonds as references for the expected return on bonds and adds a risk premium to that return for equity securities and real estate.

A one-per-cent change in assumed medical cost trend rates would have the following effect on the defined benefit obligation and defined benefit expense for medical costs:

	Medical care	*One-percent increase*	*One-percent decrease*
Effect on the defined benefit obligation - medical costs	58.5	19.2%	(15.1%)
Effect on the total defined benefit expense - medical costs	3.1	28.4%	(21.3%)

The plan assets comprise predominantly equity securities, fixed-income securities and investment contracts with insurance companies. Ageas's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided. Ageas gradually adjusts its asset allocation policy to ensure a close match between the duration of assets and that of pension liabilities.

The asset mix of the plan assets for pension obligations is as follows:

	31 December 2010	*31 December 2009*
Equity securities	63.8%	46.3%
Debt securities	25.5%	18.4%
Insurance contracts	7.4%	32.4%
Real estate	0.3%	1.4%
Other	0.2%	0.2%
Cash	2.8%	1.3%

The mix of the unqualified assets for pension obligations is as follows:

	31 December 2010	*31 December 2009*
Equity securities	2.1%	2.2%
Debt securities	31.1%	32.8%
Insurance contracts	59.0%	56.8%
Other	7.8%	8.2%

The employer's contributions expected to be paid to post-employment benefit plans for the year ending 31 December 2011 are as follows:

	Defined benefit pension plans
Expected contribution next year to plan assets	9.6
Expected contribution next year to unqualified plan assets	10.9

9.1.2 Defined-contribution plans

Ageas operates a number of defined contribution plans worldwide. The employer's commitment to a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan's regulations. Employer contributions to defined-contribution plans amounted to EUR 18.9 million in 2010 (2009: EUR 18.3 million) and are included in Staff expenses (see Note 49).

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9.2 Other long-term employee benefits

Other long-term employee benefits include long-service awards and long-term disability benefits. The table below shows net liabilities. The liabilities related to other long-term employee benefits are included in the statement of financial position under Accrued interest and other liabilities (see Note 34). The assets are included in the statement of financial position under Accrued interest and other assets (see Note 22).

	2010	2009
Defined benefit obligation	8.7	9.1
Other amounts recognised in the statement of financial position		
Net defined benefit liabilities (assets)	**8.7**	**9.1**
Amounts shown in the statement of financial position:		
Defined benefit liabilities	8.7	9.1
Defined benefit assets		
Net defined benefit liabilities (assets)	**8.7**	**9.1**

The following table shows the changes in liabilities for other long-term employee benefits during the year.

	2010	2009
Net liability as at 1 January	**9.1**	**9.8**
Total expense		(0.1)
Benefits directly paid by the employer	(0.4)	(0.6)
Net liability as at 31 December	**8.7**	**9.1**

The table below provides the range of actuarial assumptions applied when calculating the liabilities for other long-term employee benefits.

	2010		2009	
	Low	*High*	*Low*	*High*
Discount rate	3.6%	5.0%	4.0%	5.0%
Future salary increases	2.5%	4.9%	2.6%	5.0%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in Finance costs (see Note 45), all other expenses are included in Staff expenses (see Note 49).

	2010	2009
Current service cost	0.4	0.5
Interest cost	0.4	0.5
Net actuarial losses (gains) recognised immediately	(0.8)	(0.9)
Losses (gains) of curtailments or settlements		(0.2)
Total expense		**(0.1)**

9.3 Termination benefits

Termination Benefits are employee benefits payable as a result of either an enterprise's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. The table below shows liabilities related to termination benefits included in the statement of financial position under Accrued interest and other liabilities (see Note 34).

	2010	2009
Defined benefit obligation	26.2	31.9
Other amounts recognised in the statement of financial position		
Net defined benefit liabilities (assets)	**26.2**	**31.9**

The following table shows the changes in liabilities for termination benefits during the year.

	2010	2009
Net liability as at 1 January	**31.9**	**38.8**
Total expense	4.6	4.1
Employers' contributions		(0.4)
Benefits directly paid by the employer	(9.2)	(9.9)
Transfer	(1.1)	(0.7)
Net liability as at 31 December	**26.2**	**31.9**

Expenses related to termination benefits are shown below. Interest cost is included in Finance costs (see Note 45). All other expenses are included in Staff expenses (see Note 49).

	2010	2009
Current service cost	3.1	0.4
Interest cost	0.7	1.5
Losses (gains) of curtailments or settlements	0.8	2.2
Total expense	**4.6**	**4.1**

10 Employee share option and share purchase plans

Ageas's remuneration package for its employees and executive committee members may include share-related instruments. These benefits take the form of:

- Employee share options;
- Shares offered at a discount;
- Restricted shares.

10.1 Employee share options

Ageas decides each year whether or not to offer options to its employees. The features of the option plans may vary from country to country depending on local tax regulations. There is a difference between conditional and unconditional options. Unconditional options are granted to employees who work in countries where options are subject to taxation directly upon being granted. Conditional options are granted to employees in countries where the options are taxed upon exercise. Conditional options become vested if the employee is still employed after a period of five years. In general, options may not be exercised until five years after they are granted, regardless of whether they are conditional or unconditional. In 2010, like in 2009, no new options were granted to employees.

Ageas has committed itself to fulfilling the existing option obligations towards employees of the discontinued operations. The number of options that is disclosed in this note therefore relates to current employees of Ageas and to former employees of Ageas who were employed by the discontinued operations Fortis Bank, Fortis Insurance Netherlands and Fortis Corporate Insurance.

The following option plans were outstanding as at 31 December 2010. The exercise prices in the tables below are expressed in euros.

	Outstanding options (in '000)	*Weighted average exercise price*	*Highest exercise price*	*Lowest exercise price*
2010				
Lapsing year				
2011	796	22.07	22.28	21.08
2012	1,588	20.48	26.58	18.65
2013	3,467	14.24	27.23	12.17
2014	3,257	14.88	16.46	14.18
2015	3,265	18.55	18.65	18.41
2016	4,347	24.61	24.68	24.49
2017	4,944	28.03	28.62	27.23
2018	4,828	15.44	16.46	15.06
Total	**26,492**	**19.95**		
2009				
Lapsing year				
2010	5,728	29.04	29.50	15.31
2011	796	22.07	22.28	21.08
2012	1,588	20.48	26.58	18.65
2013	3,467	14.24	27.23	12.17
2014	3,257	14.88	16.46	14.18
2015	3,265	18.55	18.65	18.41
2016	4,347	24.61	24.68	24.49
2017	4,944	28.03	28.62	27.23
2018	4,828	15.44	16.46	15.06
Total	**32,220**	**21.57**		

The average duration of the options outstanding at year end 2010 is 5.4 years (2009: 5.4 years). The changes in outstanding options were as follows:

	2010		2009	
	Number of options (in '000)	*Weighted average exercise price*	*Number of options (in '000)*	*Weighted average exercise price*
Balance as at 1 January	**32,220**	**21.57**	**43,971**	**22.31**
Lapsed	(5,728)		(11,751)	
Balance as at 31 December	**26,492**	**19.95**	**32,220**	**21.57**
On existing ageas shares	1,804		1,989	
On new ageas shares	24,688		30,231	
Of which are conditional	13,472		13,472	
Of which are unconditional	13,020		18,748	
Exercisable out of the money	26,492		32,220	

In 2010, Ageas recorded EUR 4.3 million as staff expenses with respect to the option plans (2009: EUR 8.4 million). As long as the options are not exercised, they have no impact on shareholders' equity, as the expenses recorded in the income statement are offset by a corresponding increase in shareholders' equity. When the options are exercised, shareholders' equity is increased by the exercise price. In 2010 and 2009 no options were exercised.

The options granted by Ageas are ten-year American at-the-money call options with a five-year vesting period, the value is based on the Simple-Cox model. The volatility is based on market information of external parties.

All option plans and restricted share plans (see below) are settled by the delivery of Ageas shares rather than in cash. Some option plans and restricted share plans specifically state that existing shares must be delivered upon exercise. New shares may be issued in other cases.

10.2 Restricted shares

In 2010 Ageas did not commit to grant restricted shares to the members of the Executive Committee and the management committees of Ageas companies. The conditions of the commitments to grant and sell restricted shares are described in Note 11.

The table below shows the changes in commitments for restricted shares during the year.

(number of shares in '000)	*2010*	*2009*
Number of restricted shares committed to grant as at 1 January	**470**	**738**
Restricted shares committed to grant and granted		
Restricted shares vested	(360)	(268)
Commitments to restricted shares lapsed		
Number of restricted shares committed to grant as at 31 December	**110**	**470**

11 Remuneration of Board of Director Members and Executive Committee members

This note describes the Ageas remuneration policy as applied in 2010. It contains detailed information on the remuneration of individual members of the Board of Directors and of Executive Committee members who were in function during 2010.

The remuneration of the members of the Board of Directors and the Group Executive Committee members has been determined in accordance with the remuneration policy, which was approved by the General Shareholders Meetings of ageas SA/NV on April 28, 2010 and ageas N.V. on April 29, 2010 respectively, and which is set forth in the Ageas Corporate Governance Charter as amended from time to time (see www.ageas.com/en/Pages/governance.aspx).

The Remuneration Policy had been determined earlier by the Board and approved by the shareholders meetings of 2010 anticipating already the new Belgian Corporate Governance act issued on May 3, 2010 in providing limits on severenance pay and deferral mechanisms for bonuses. In order to conform with the formal requirements of this new law introduced after the approval of the Ageas Remuneration policy, the remuneration policy will be submitted again for approval to the General Meetings of Shareholders on 27 and 28 April 2011 including now any non-compete provisions in the limitations of severance pay, in line with the requirements of the law on this specific item.

Paragraph 11.1 describes the remuneration of the non-executive members of the Board of Directors. The remuneration of the executive Board member (the CEO) and the other members of the Group Executive Committee is clarified in paragraph 11.2 entitled Remuneration of Ageas Executive Committee members.

11.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2010 – Remuneration 2010

In 2010, two members, Ms Belén Romana and Ms Bridget McIntyre (both non-executives) joined the Board. Apart from that, there were no changes in the Board’s composition. The Board is therefore currently composed of ten members: Jozef De Mey (Chairman, non-executive), Bart De Smet (CEO, executive), Guy de Selliers de Moranville (vice-chairman, non-executive), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegering Hadders (non-executives) and the two new board members.

Both Ms. Belén Romana and Ms Bridget McIntyre joined Messrs. Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegering Hadders as board member of the Board of Directors of non-operating companies: ageas Utrecht N.V., ageas Insurance N.V. and Ageas Insurance International N.V. In the course of 2010, ageas Utrecht N.V. and Ageas Insurance N.V. ceased to exist due to their merger within ageas Insurance International N.V. Mr. Jozef De Mey is also member of the board of directors of Taiping Life (China), Muang Thai Holding Co. Ltd. (Thailand). These functions are unpaid.

Ms. Bridget McIntyre has also joined Messrs. Guy de Selliers de Moranville (Chairman), Roel Nieuwdorp (up to end 2010) and Jan Zegering Hadders in the Board of Directors of ageas UK, Ltd. Messrs. Jozef De Mey (Chairman), Frank Arts and Lionel Perl continue to be members of the Board of Directors of AG Insurance SA/NV. Mr. Jozef De Mey is also a member of the Board of Directors of AICA (Hong Kong). These functions are remunerated.

Total remuneration of non-executive Board members amounted to EUR 1.12 million in the financial year 2010 (2009: EUR 0.46 million) reflecting the market consistent remuneration approved by the 2010 General Meeting of Shareholders, the arrival of 2 additional board members and the number of Board and Committee meetings held. This remuneration includes the basic remuneration for Board membership and the attendance fees for Board committee meetings both at the level of Ageas and at its subsidiaries.

Remuneration policy implementation

In April 2010, the General Shareholders meeting of ageas SA/NV and ageas N.V. respectively approved and adopted the remuneration policy applicable as of 1 January 2010 of the Ageas non-executive Board members.

Please refer to Report of the Remuneration Committee for further information on the remuneration levels applicable to non-executive Board members.

In accordance with the policy, non-executive Board members did not receive annual incentives or stock options and were not entitled to pension rights. The remuneration of the Executive Board member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the remuneration policy for Executive Committee Members (see paragraph 11.2).

Remuneration of the Board of Directors

The remuneration received by the members of the Board of Directors in 2010, including the remuneration received in subsidiaries and for various committees, is mentioned in the table below. The number of Ageas shares held by the Board members as at 31 December 2010 is reported in the same table.

	Function	*From*	*Remuneration in 2010 (in EUR)[1)] as Board member of Ageas A*	*Total Remuneration in 2010 (in EUR) as member of the Board of directors of Ageas subsidiaries B*	*Total remuneration [4)] in 2010 (in EUR) A+B*	*Ageas shares directly held at 31 December 2010 by current Board Members*
Jozef De Mey	Chairman	1 January 2010	120,000	56,781	176,781	94,276
Guy de Selliers de Moranville	Vice-chairman	1 January 2010	99,000	47,947	146,947	
Frank Arts	Non-executive Board member	1 January 2010	88,500	47,002	135,502	8,334
Shaoliang Jin	Non-executive Board member	1 January 2010	57,500		57,500	
Bridget F. McIntyre	Non-executive Board member	29 April 2010	52,500	27,169	79,669	
Roel Nieuwdorp [(3)]	Non-executive Board member	1 January 2010	115,000	42,100	157,100	2,600
Lionel Perl	Non-executive Board member	1 January 2010	108,000	56,500	164,500	70,000
Belén Romana	Non-executive Board member	29 April 2010	54,000		54,000	
Jan Zegering Hadders	Non-executive Board member	1 January 2010	103,500	44,556	148,056	
Bart De Smet	Chief Executive Officer (CEO)	1 January 2010	See infra [2)]	See infra [2)]	See infra [2)]	33,846
Total			**798,000**	**322,055**	**1,120,055**	**209,056**

1) Board members also receive an attendance fee for committee meetings they attended as invitee.

2) Bart De Smet is not remunerated as Board member but as CEO (see note 11.2 for details of his remuneration).

3) Total remuneration is paid to a company, where the Board member holds a position.

4) Excluding reimbursement of expenses.

As announced in the Ageas Consolidated Financial Statements 2009, in the course of 2010, a remuneration of EUR 8,080, EUR 7,176 and EUR 6,826 was paid to respectively Guy de Selliers de Moranville, Roel Nieuwdorp and Jan Zegering Hadders. These amounts relate to their board membership of Ageas UK, Ltd. in the financial year 2009.

11.2 Remuneration of Ageas Executive Committee Members

Since 1 September 2009, the Executive Committee of Ageas is composed of Messrs Bart De Smet (CEO), Bruno Colmant (Deputy CEO) and Kurt De Schepper (Chief Risk Officer). The CEO is the only executive member of the Board of Directors.

For their first full year in service, the members of the Executive Committee jointly earned in the course of 2010:

- a base remuneration of EUR 1,325,000 (compared to EUR 1,664,791 in 2009);
- a Short Term incentive (STI) of EUR 610,375, consisting of the STI related to their months of service in 2009 and the non-deferred part of the STI over the financial year 2010. Both will be paid in 2011. As disclosed in the Ageas Consolidated Financial Statements 2009, the STI over 2009 was only to be determined with the results of 2010;
- no Long Term incentive (no LTI was earned or paid either concerning the year 2009);
- and pension costs of EUR 331,249 (compared to EUR 1,010,292 in 2009);
- no termination compensations are paid in 2010.

The details of the remuneration of each member of the Executive Committee are further detailed below.

Remuneration Policy

The remuneration policy of the members of the Executive Management is determined by the Board of Directors, upon proposals by the Remuneration Committee and in April 2010 approved by the General Meeting of Shareholders of respectively ageas SA/NV and ageas N.V.

For more detailed information on the remuneration applicable to the Ageas Executive Committee Members, please refer to the Report of the Remuneration Committee.

The remuneration package is part of a contract providing the main characteristics of the status: the description of the components of the package, the termination clauses and various other clauses such as confidentiality and exclusivity. With effect from 1 December 2009 the contracts provide for a termination indemnity in accordance with the regulations drawn up by the Belgian government or the Dutch Corporate Governance (Frijns) Code. The members of the Executive Committee are self-employed.

Remuneration of the ExCo members in 2010

CEO

The remuneration of the CEO, who is also a member of the Board of Directors, relates solely to his position as CEO.

The remuneration of Bart De Smet has been determined after consultation with an external firm specialised in executive compensation and benefits, upon recommendation of the Remuneration Committee and in accordance with the remuneration policy.

Mr. De Smet's remuneration in 2010 comprised:

1. a base remuneration of EUR 500,000
2. an annual (short-term) incentive of
   - EUR 142,875 related to the 6 months of service in 2009, and
   - EUR 285,750 related to the financial year 2010.

   In line with the Remuneration Policy, only EUR 142,875 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;
3. given the relative underperformance of Ageas compared to its peers[3], the CEO did not receive a long term incentive over the six month period of service in 2009 and the entire financial year 2010;
4. the vesting of 10,380 shares in implementation of the restricted–shares plan 2007. This relates to his previous function as CEO of AG Insurance and does not relate to his current position as CEO of Ageas;
5. an amount of EUR 125,000 representing the costs of the defined contribution pension plan;
6. an amount of EUR 60,816 representing other usual benefits such as health, death and disability cover and company car.

3 *For information purposes only, at present the peer Group consists of KBC, Dexia, AXA, BNP Paribas, Aegon, Eureko, ING, Generali, Mapfre, Allianz, Munich Re, Zurich Financial Services, Swiss Life, Swiss Re, Aviva and Prudential.*

Other members of the Executive Committee

The composition of the Executive Committee remained unchanged in 2010.

In 2010, the remuneration of Mr. Colmant, Deputy CEO comprised:

1. a base remuneration of EUR 425,000;
2. an annual (short-term) incentive of
   - EUR 62,050 related to the 4 months of service in 2009, and
   - EUR 186,150 related to the financial year 2010.

     In line with the Remuneration Policy, only EUR 93,075 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;
3. given the relative underperformance of Ageas compared to its peers[4], the deputy CEO did not receive a long term incentive over the financial year 2010. For the Deputy CEO there was no LTI foreseen for the 4 month period of service in 2009;
4. an amount of EUR 106,250 representing the costs of the defined contribution pension plan;
5. an amount of EUR 46,830 representing other usual benefits such as health, death and disability cover and company car.

In 2010, the remuneration of Mr. De Schepper, CRO comprised:

1. a base remuneration of EUR 400,000;
2. an annual (short-term) incentive of
   - EUR 67,800 related to the 6 months of service in 2009, and
   - EUR 203,400 related to the financial year 2010.

     In line with the Remuneration Policy, only EUR 101,700 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;
3. given the relative underperformance of Ageas compared to its peers, the CRO did not receive a long term incentive over the four month period of service in 2009 and the entire financial year 2010;
4. the vesting of 8,218 shares in implementation of the restricted–shares plan 2007. This relates to his previous function at AG Insurance and does not relate to his current position as CRO of Ageas;
5. an amount of EUR 100,000 representing the costs of the defined contribution pension plan;
6. an amount of EUR 47,667 representing other usual benefits such as health, death and disability cover and company car.

Long Term Incentive

Since appointment as ExCo member

The members of the Executive Committee were not granted share options nor were commitments to grant restricted shares (in accordance with the rules of the plan to the CEO and the other members of the Executive Committee in 2010 and previous years, since their appointment) provided to them since their appointment as members of the Executive Committee.

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4 *For information purposes only, at present the peer Group consists of KBC, Dexia, AXA, BNP Paribas, Aegon, Eureko, ING, Generali, Mapfre, Allianz, Munich Re, Zurich Financial Services, Swiss Life, Swiss Re, Aviva and Prudential.*

Before appointment

Details of the share options (granted) and the commitment to grant restricted shares relating to the options and restricted shares attributed in the past and related to the function previously held with the group before accepting the function of respectively CEO and CRO.

	Year	Number of options granted	Exercise price	Expiry date	Exercised before 2010	Options exercised in 2010	Outstanding at 31 December 2010	Restricted shares
B. De Smet	1999	5,913	26.58	31-12-2012			5,913	
	2005	17,476	18.65	10-04-2011			17,476	
	2006	14,227	24.68	2-04-2012			14,227	
	2007	12,339	28.62	1-04-2013			12,339	
	2008	2,530	16.46	2-04-2014			2,530	2,770
K. De Schepper	1999	5,913	26.58	31-12-2012			5,913	
	2003	8,959	12.17	27-04-2013			8,959	
	2004	8,959	14.78	13-04-2014			8,959	
	2005	8,959	18.41	11-04-2015			8,959	
	2006	10,452	24.68	2-04-2012			10,452	
	2007	9,771	28.62	1-04-2013			9,771	
	2008	2,040	16.46	2-04-2014			2,040	2,240

The restricted shares vest 3 years after granting

In accordance with the rules of the Restricted Shares Plan 2007 and the Remuneration Policy applicable at that time, restricted shares were attributed in 2007 to Mr. De Smet and Mr. De Schepper, in their former capacity of executives of AG Insurance, and were now granted to them on 8 September 2010. Following acceptance, Mr. De Smet and Mr. De Schepper were allowed to sell up to 50% of the shares as of that date and during a limited period of 10 days. They both accepted the restricted shares. Details of the restricted shares attributed in 2010 are shown below. The fair value of the restricted shares granted was EUR 2.05 per share (2009: EUR 3.16 per share).

	Total number of restricted shares commited to grant in 2007	Number of restricted shares sold or transferred in 2010	Number of restricted shares not sold or transferred in 2010	Number of restricted shares not sold or transferred from previous grants
B. De Smet	10,380		10,380	19,378
K. De Schepper	8,218		8,218	7,167

12 Audit fees

Fees paid to Ageas's auditors for 2010 and 2009 can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and Consolidated Financial Statements as well as the embedded value report, and quarterly and other reports;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advisory services not related to statutory auditing;
- fees for tax advice;
- other non-audit fees, which include fees for support and advice.

The breakdown of audit fees for the year ended 31 December is as follows:

		2010		2009
	Ageas Statutory Auditors	Other Ageas Auditors	Ageas Statutory Auditors	Other Ageas Auditors
Audit fees	5.0	0.4	5.9	0.7
Audit-related fees	1.0		0.3	0.6
Tax fees	0.2	0.1	0.1	0.3
Other non-audit fees	1.1	0.2	0.7	0.4
Total	**7.3**	**0.7**	**7.0**	**2.0**

13 Related parties

Parties related to Ageas include associates, pension funds, Board Members (i.e. non-executive and executive members of the Ageas Board of Directors), Executive Managers, close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities.

Ageas frequently enters into transactions with related parties in the course of its business operations. Such transactions mainly concern loans, deposits and reinsurance contracts and are entered into under the same commercial and market terms that apply to non-related parties.

Ageas companies may grant credits, loans or bank guarantees in the normal course of business to Board Members and Executive Managers or to close family members of the Board Members or close family members of Executive Managers.

As at 31 December 2010, no outstanding loans, credits or bank guarantees have been granted to Board Members and Executive Managers or to close family members of the Board Members and close family members of Executive Managers.

Transactions entered into with the following related parties during the year ended 31 December are summarised below:

- associates;
- other related parties such as pension funds.

			2010			2009
	Associates	Other	Total	Associates	Other	Total
Income and expenses - related parties						
Interest income	0.9		0.9	0.2		0.2
Interest expense				(0.1)		(0.1)
Fee and commission income	2.7		2.7	0.2		0.2
Other income	0.1		0.1	0.1		0.1
Operating, administrative and other expenses	(18.4)		(18.4)	(18.4)	(7.3)	(25.7)

			2010			2009
	Associates	Other	Total	Associates	Other	Total
Statement of financial position - related parties						
Due from customers	24.0		24.0	21.9		21.9
Other assets	1.8		1.8	1.5	2.3	3.8
Liabilities arising from insurance and investment contracts	0.4		0.4	0.4		0.4
Debt certificates, subordinated liabilities and other borrowings	5.6		5.6	2.8		2.8
Other liabilities	2.7		2.7			

The changes in related party loans, receivables and advances during the year ended 31 December are as follows:

		Loans to customers
	2010	2009
Related party loans, receivables or advances as at 1 January	**21.9**	**9.6**
Additions or advances	15.6	
Repayments	(13.5)	
Other		12.3
Related party loans, receivables or advances as at 31 December	**24.0**	**21.9**

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14 Information on segments

14.1 General information

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

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

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

To align the reporting structure with the management structure Ageas has adapted the reporting structure.
From 1 January 2010 onwards the reporting segments were changed in accordance with IFRS 8 *Operating Segments*.

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

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

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

Allocation rules

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

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

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

14.2 Belgium

The Belgian insurance activities, operating since June 2009 under the name of AG Insurance, have a longstanding history. Total gross inflows in 2010 amounted to EUR 6.7 billion and the company serves more than 2.5 million customers. 75 to 80% of total inflow relates to Life insurance while 20 to 25% to Non-Life. It offers a comprehensive range of Life and Non-Life products sold to private individuals and SMEs. It operates a multichannel strategy with distribution via more than 3,000 independent brokers and via the bank channels of BNP Paribas Fortis Bank and its subsidiaries. AG Employee Benefits is the dedicated business unit selling group life and health care products, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis Bank owns 25% of AG Insurance.

14.3 United Kingdom (UK)

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

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

14.4 Continental Europe

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

14.5 Asia

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

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14.6 General Account

The General Account comprises activities not related to the core Insurance business, such as group finance and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the call option on BNP Paribas shares, the liabilities related to CASHES (RPN(I)), Ageas Reinsurance and the claims on ABN AMRO.

14.7 Statement of financial position by operating segment

							31 December 2010
	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	389.3	184.8	270.8	154.0	2,259.4		3,258.3
Financial investments	44,191.0	1,741.1	9,010.2	1,014.6	307.0	(31.4)	56,232.5
Investment property	1,874.2		25.7	0.4			1,900.3
Loans	2,563.0		447.9	121.5	2,670.1	(1,274.3)	4,528.2
Investments related to unit-linked contracts	6,687.2		14,747.9	390.3		(78.1)	21,747.3
Investments in associates	104.6		5.4	660.2	954.0	8.3	1,732.5
Reinsurance and other receivables	712.4	477.9	275.5	52.2	2,405.8	(95.3)	3,828.5
Current tax assets	34.5	2.6	34.4				71.5
Deferred tax assets	145.5	11.3	95.0		213.3		465.1
Call option BNP Paribas shares					609.0		609.0
Accrued interest and other assets	1,269.6	244.3	301.5	155.3	105.9	(34.1)	2,042.5
Property, plant and equipment	1,019.5	35.4	6.8	2.6	0.7		1,065.0
Goodwill and other intangible assets	388.0	241.2	535.1	521.6	0.1		1,686.0
Assets held for sale							
Total assets	**59,378.8**	**2,938.6**	**25,756.2**	**3,072.7**	**9,525.3**	**(1,504.9)**	**99,166.7**
Liabilities							
Liabilities arising from life insurance contracts	20,077.8		2,835.7	1,027.5		(2.6)	23,938.4
Liabilities arising from life investment contracts	21,433.9		5,478.6	1.3			26,913.8
Liabilities related to unit-linked contracts	6,687.2		14,753.4	390.3			21,830.9
Liabilities arising from non-life insurance contracts	3,141.4	1,602.2	617.9		177.5	(90.4)	5,448.6
Debt certificates					548.9		548.9
Subordinated liabilities	892.8	156.5	28.0	76.3	2,961.1	(1,187.8)	2,926.9
Borrowings	1,766.3	125.5	240.5	74.4	99.6	(164.6)	2,141.7
Current tax liabilities	34.2	3.1	4.5	4.6			46.4
Deferred tax liabilities	359.7	32.9	73.0		216.7		682.3
RPN(I)					465.0		465.0
Accrued interest and other liabilities	1,328.2	164.2	263.2	58.0	195.8	(62.4)	1,947.0
Provisions	16.8	6.3	16.8		2,367.7		2,407.6
Liabilities related to assets held for sale							
Total liabilities	**55,738.3**	**2,090.7**	**24,311.6**	**1,632.4**	**7,032.3**	**(1,507.8)**	**89,297.5**
Shareholders' equity	2,632.0	776.1	893.1	1,440.3	2,502.7	2.9	8,247.1
Non-controlling interests	1,008.5	71.8	551.5		(9.7)		1,622.1
Total equity	**3,640.5**	**847.9**	**1,444.6**	**1,440.3**	**2,493.0**	**2.9**	**9,869.2**
Total liabilities and equity	**59,378.8**	**2,938.6**	**25,756.2**	**3,072.7**	**9,525.3**	**(1,504.9)**	**99,166.7**
Number of employees	**5,705**	**4,327**	**1,270**	**320**	**85**		**11,707**

							31 December 2009 [1]
			Continental		General		
	Belgium	UK	Europe	Asia	Account	Eliminations	Total
Assets							
Cash and cash equivalents	823.8	125.8	329.5	80.7	4,275.9		5,635.7
Financial investments	42,279.0	1,322.7	8,375.4	787.1	335.6	(29.7)	53,070.1
Investment property	1,523.7		26.4	102.6			1,652.7
Loans	2,233.7		912.8	126.9	1,989.2	(1,130.3)	4,132.3
Investments related to unit-linked contracts	6,569.4		13,924.8	270.6		(70.0)	20,694.8
Investments in associates	89.3		5.4	520.2	780.5	8.2	1,403.6
Reinsurance and other receivables	642.5	293.2	299.5	44.2	68.5	(84.2)	1,263.7
Current tax assets	34.1	1.6			67.1		102.8
Deferred tax assets	24.7	0.5	23.0		4.8		53.0
Call option BNP Paribas shares					880.0		880.0
Accrued interest and other assets	1,166.5	176.8	304.0	124.0	107.5	(31.2)	1,847.6
Property, plant and equipment	1,045.3	21.8	8.4	32.5	0.1		1,108.1
Goodwill and other intangible assets	235.8	25.8	592.4	522.3	0.1		1,376.4
Assets held for sale	68.6				34.6		103.2
Total assets	**56,736.4**	**1,968.2**	**24,801.6**	**2,611.1**	**8,543.9**	**(1,337.2)**	**93,324.0**
Liabilities							
Liabilities arising from life insurance contracts	19,263.1		2,814.3	856.9		(3.5)	22,930.8
Liabilities arising from life investment contracts	19,544.7		4,785.3	2.7			24,332.7
Liabilities related to unit-linked contracts	6,569.5		13,932.7	270.6			20,772.8
Liabilities arising from non-life insurance contracts	2,973.3	1,280.7	581.5		181.4	(82.9)	4,934.0
Debt certificates					915.0		915.0
Subordinated liabilities	891.1		28.0		2,917.3	(986.1)	2,850.3
Borrowings	1,421.0	72.8	605.4	225.3	663.5	(214.2)	2,773.8
Current tax liabilities	43.3	(5.7)	45.0	3.6	20.0		106.2
Deferred tax liabilities	535.4	22.1	58.7	0.7	407.6		1,024.5
RPN(I)					316.0		316.0
Accrued interest and other liabilities	1,568.6	84.2	295.3	47.6	262.5	(48.8)	2,209.4
Provisions	12.6	1.3	15.9		4.4		34.2
Liabilities related to assets held for sale	17.4				21.9		39.3
Total liabilities	**52,840.0**	**1,455.4**	**23,162.1**	**1,407.4**	**5,709.6**	**(1,335.5)**	**83,239.0**
Shareholders' equity	2,859.3	513.4	1,002.4	1,203.8	2,853.8	(1.7)	8,431.0
Non-controlling interests	1,037.1	(0.6)	637.1	(0.1)	(19.5)		1,654.0
Total equity	**3,896.4**	**512.8**	**1,639.5**	**1,203.7**	**2,834.3**	**(1.7)**	**10,085.0**
Total liabilities and equity	**56,736.4**	**1,968.2**	**24,801.6**	**2,611.1**	**8,543.9**	**(1,337.2)**	**93,324.0**
Number of employees	**5,635**	**2,827**	**1,745**	**278**	**128**		**10,613**

1) *The comparative figures have been changed for comparison purposes.*

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14.8 Income statement by operating segment

	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
							2010
Income							
- *Gross premium income* [1]	*6,120.2*	*1,206.8*	*2,191.9*	*232.9*	*0.3*	*(0.5)*	*9,751.6*
- *Change in unearned premiums*	*0.4*	*(160.6)*	*(21.7)*				*(181.9)*
- *Ceded earned premiums*	*(55.0)*	*(75.7)*	*(90.6)*	*(24.7)*			*(246.0)*
Net earned premiums	6,065.6	970.5	2,079.6	208.2	0.3	(0.5)	9,323.7
Interest, dividend and other investment income	2,361.8	56.5	368.3	58.8	229.4	(69.5)	3,005.3
Unrealised gain (loss) on Call option BNP Paribas shares					(271.0)		(271.0)
Unrealised gain (loss) on RPN(I)					(149.0)		(149.0)
Realised and unrealised gains and losses	40.9	3.8	(5.4)	44.0	4.5		87.8
Income related to investments for unit-linked contracts	467.8		278.6	41.6			788.0
Share of result of associates	5.4			53.6	127.9	(0.6)	186.3
Fee and commission income	96.7	104.0	185.0	42.5		*(0.2)*	*428.0*
Other income	188.0	44.8	10.9	1.8	20.1	(17.6)	248.0
Total income	**9,226.2**	**1,179.6**	**2,917.0**	**450.5**	**(37.8)**	**(88.4)**	**13,647.1**
Expenses							
- *Insurance claims and benefits, gross*	*(6,633.2)*	*(824.1)*	*(2,118.0)*	*(191.7)*	*(2.5)*	*0.7*	*(9,768.8)*
- *Insurance claims and benefits, ceded*	*68.6*	*50.6*	*37.1*	*5.8*	*3.5*		*165.6*
Insurance claims and benefits, net	(6,564.6)	(773.5)	(2,080.9)	(185.9)	1.0	0.7	(9,603.2)
Charges related to unit-linked contracts	(480.3)		(231.3)	(43.4)			(755.0)
Finance costs	(91.8)	(12.3)	(5.5)	(13.6)	(245.9)	70.7	(298.4)
Change in impairments	(29.3)	(3.4)	(0.2)	(1.6)		0.6	(33.9)
Change in provisions	(1.4)	(2.8)	5.0				0.8
- *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)
Fee and commission expense	(596.1)	(195.5)	(194.1)	(65.8)	(1.1)	0.2	(1,052.4)
Staff expenses	(420.4)	(130.1)	(100.9)	(21.8)	(16.8)	(4.1)	(694.1)
Other expenses	(561.5)	(90.9)	(151.9)	(23.3)	(56.9)	17.6	(866.9)
Total expenses	**(8,745.4)**	**(1,208.5)**	**(2,759.8)**	**(355.4)**	**(522.5)**	**85.7**	**(13,505.9)**
Profit before taxation	**480.8**	**(28.9)**	**157.2**	**95.1**	**(560.3)**	**(2.7)**	**141.2**
Income tax expenses	(125.8)	5.5	(48.8)	(1.6)	393.3		222.6
Net profit for the period	**355.0**	**(23.4)**	**108.4**	**93.5**	**(167.0)**	**(2.7)**	**363.8**
Attributable to non-controlling interests	91.5	(6.6)	57.3		(1.5)		140.7
Net profit attributable to shareholders	**263.5**	**(16.8)**	**51.1**	**93.5**	**(165.5)**	**(2.7)**	**223.1**
Total income from external customers	9,208.1	1,127.8	2,916.9	446.5	(52.2)		13,647.1
Total income internal	18.1	51.8	0.1	4.0	14.4	(88.4)	
Total income	**9,226.2**	**1,179.6**	**2,917.0**	**450.5**	**(37.8)**	**(88.4)**	**13,647.1**
Non-cash expenses (excl. depreciation & amortisation)	(79.9)		(165.9)	(1.0)	(2,000.0)		(2,246.8)

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

	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
							2010
Gross premium income	6,120.2	1,206.8	2,191.9	232.9	0.3	(0.5)	9,751.6
Inflow deposit accounting	589.2		1,741.3	102.1			2,432.6
Gross inflow	**6,709.4**	**1,206.8**	**3,933.2**	**335.0**	**0.3**	**(0.5)**	**12,184.2**

	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
							2009 [1]
Income							
- *Gross premium income* [2]	*6,284.1*	*913.2*	*1,836.6*	*214.7*		*(0.7)*	*9,247.9*
- *Change in unearned premiums*	*(4.1)*	*(26.0)*	*1.8*		*(4.1)*		*(32.4)*
- *Ceded earned premiums*	*(46.8)*	*(44.4)*	*(80.4)*	*(25.0)*	*3.9*	*0.3*	*(192.4)*
Net earned premiums	6,233.2	842.8	1,758.0	189.7	(0.2)	(0.4)	9,023.1
Interest, dividend and other investment income	2,311.7	57.2	335.1	52.4	434.0	(67.0)	3,123.4
Unrealised gain (loss) on Call option BNP Paribas shares					880.0		880.0
Unrealised gain (loss) on RPN(I)					(316.0)		(316.0)
Realised and unrealised gains and losses	94.7	13.1	5.7	4.3	834.9	(0.1)	952.6
Income related to investments for unit-linked contracts	860.4		1,359.7	87.0			2,307.1
Share of result of associates	4.8		(0.4)	86.1	(5.1)	(4.1)	81.3
Fee and commission income	86.7	78.2	173.9	36.8	(0.3)	*(0.1)*	*375.2*
Other income	298.8	10.0	9.9	1.2	10.2	(7.8)	322.3
Total income	**9,890.3**	**1,001.3**	**3,641.9**	**457.5**	**1,837.5**	**(79.5)**	**16,749.0**
Expenses							
- *Insurance claims and benefits, gross*	*(6,643.7)*	*(682.7)*	*(1,797.5)*	*(160.4)*	*(6.8)*	*0.7*	*(9,290.4)*
- *Insurance claims and benefits, ceded*	*16.9*	*12.2*	*25.5*	*5.7*	*4.9*	*(0.3)*	*64.9*
Insurance claims and benefits, net	(6,626.8)	(670.5)	(1,772.0)	(154.7)	(1.9)	0.4	(9,225.5)
Charges related to unit-linked contracts	(908.1)		(1,327.7)	(88.8)			(2,324.6)
Finance costs	(124.0)	(5.6)	(11.9)	(9.5)	(413.8)	67.0	(497.8)
Change in impairments	(107.2)		(8.8)	(1.2)	(354.3)	4.1	(467.4)
Change in provisions	38.2	0.1	(5.3)		9.0		42.0
Fee and commission expense	(593.5)	(160.7)	(151.9)	(66.0)		0.1	(972.0)
Staff expenses	(418.5)	(89.7)	(85.9)	(12.5)	(25.7)	(8.1)	(640.4)
Other expenses	(669.2)	(55.5)	(151.2)	(32.1)	(115.1)	7.8	(1,015.3)
Total expenses	**(9,409.1)**	**(981.9)**	**(3,514.7)**	**(364.8)**	**(901.8)**	**71.3**	**(15,101.0)**
Profit before taxation	**481.2**	**19.4**	**127.2**	**92.7**	**935.7**	**(8.2)**	**1,648.0**
Income tax expenses	(46.1)	(6.2)	(40.1)	(2.1)	(223.3)		(317.8)
Net profit for the period	**435.1**	**13.2**	**87.1**	**90.6**	**712.4**	**(8.2)**	**1,330.2**
Attributable to non-controlling interests	68.7	(0.5)	52.8		(0.6)		120.4
Net profit attributable to shareholders	**366.4**	**13.7**	**34.3**	**90.6**	**713.0**	**(8.2)**	**1,209.8**
Total income from external customers	9,878.0	1,001.3	3,642.1	453.6	1,774.0		16,749.0
Total income internal	12.3		(0.2)	3.9	63.5	(79.5)	
Total income	**9,890.3**	**1,001.3**	**3,641.9**	**457.5**	**1,837.5**	**(79.5)**	**16,749.0**
Non-cash expenses (excl. depreciation & amortisation)	(187.7)		(105.8)	(1.3)	(0.1)		(294.9)

1) *The comparative figures have been changed for comparison purposes.*

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

	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
							2009
Gross premium income	6,284.1	913.2	1,836.6	214.7		(0.7)	9,247.9
Inflow deposit accounting	583.0		2,104.7	82.1			2,769.8
Gross inflow	**6,867.1**	**913.2**	**3,941.3**	**296.8**		**(0.7)**	**12,017.7**

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

	31 December 2010					
	Life	Non-life	Other Insurance	General	Eliminations	Total
Assets						
Cash and cash equivalents	680.0	282.8	36.1	2,259.4		3,258.3
Financial investments	50,659.0	5,297.9		307.0	(31.4)	56,232.5
Investment property	1,657.1	243.2				1,900.3
Loans	2,966.8	165.5	40.2	2,670.1	(1,314.4)	4,528.2
Investments related to unit-linked contracts	21,825.4				(78.1)	21,747.3
Investments in associates	655.1	115.1		954.0	8.3	1,732.5
Reinsurance and other receivables	501.1	938.3	181.4	2,405.8	(198.1)	3,828.5
Current tax assets	67.7	10.1	2.3		(8.6)	71.5
Deferred tax assets	199.3	49.6	2.9	213.3		465.1
Call option BNP Paribas shares				609.0		609.0
Accrued interest and other assets	1,572.7	393.4	6.3	105.9	(35.8)	2,042.5
Property, plant and equipment	906.5	142.1	15.7	0.7		1,065.0
Goodwill and other intangible assets	1,264.0	190.1	231.8	0.1		1,686.0
Assets held for sale						
Total assets	**82,954.7**	**7,828.1**	**516.7**	**9,525.3**	**(1,658.1)**	**99,166.7**
Liabilities						
Liabilities arising from life insurance contracts	23,941.0				(2.6)	23,938.4
Liabilities arising from life investment contracts	26,913.8					26,913.8
Liabilities related to unit-linked contracts	21,830.9					21,830.9
Liabilities arising from non-life insurance contracts		5,361.5		177.5	(90.4)	5,448.6
Debt certificates				548.9		548.9
Subordinated liabilities	897.0	181.0	115.7	2,961.1	(1,227.9)	2,926.9
Borrowings	1,870.0	245.0	91.7	99.6	(164.6)	2,141.7
Current tax liabilities	39.3	4.0	11.7		(8.6)	46.4
Deferred tax liabilities	408.8	51.6	5.2	216.7		682.3
RPN(I)				465.0		465.0
Accrued interest and other liabilities	1,176.4	610.8	130.9	195.8	(166.9)	1,947.0
Provisions	21.5	18.2	0.2	2,367.7		2,407.6
Liabilities related to assets held for sale						
Total liabilities	**77,098.7**	**6,472.1**	**355.4**	**7,032.3**	**(1,661.0)**	**89,297.5**
Shareholders' equity	4,616.5	963.7	161.3	2,502.7	2.9	8,247.1
Non-controlling interests	1,239.5	392.3		(9.7)		1,622.1
Total equity	**5,856.0**	**1,356.0**	**161.3**	**2,493.0**	**2.9**	**9,869.2**
Total liabilities and equity	**82,954.7**	**7,828.1**	**516.7**	**9,525.3**	**(1,658.1)**	**99,166.7**
Number of employees	**4,838**	**4,145**	**2,639**	**85**		**11,707**

	Life	Non-life	Other Insurance	General	Eliminations	Total
						31 December 2009 [1]
Assets						
Cash and cash equivalents	1,136.8	216.3	6.7	4,275.9		5,635.7
Financial investments	47,980.2	4,784.0		335.6	(29.7)	53,070.1
Investment property	1,466.3	186.4				1,652.7
Loans	3,191.1	82.3		1,989.2	(1,130.3)	4,132.3
Investments related to unit-linked contracts	20,764.8				(70.0)	20,694.8
Investments in associates	535.7	79.2		780.5	8.2	1,403.6
Reinsurance and other receivables	426.5	851.3	67.5	68.5	(150.1)	1,263.7
Current tax assets	30.4	5.3		67.1		102.8
Deferred tax assets	22.1	24.9	1.2	4.8		53.0
Call option BNP Paribas shares				880.0		880.0
Accrued interest and other assets	1,280.7	486.3	4.3	107.5	(31.2)	1,847.6
Property, plant and equipment	966.8	136.1	5.1	0.1		1,108.1
Goodwill and other intangible assets	1,168.7	190.7	16.9	0.1		1,376.4
Assets held for sale		68.6		34.6		103.2
Total assets	**78,970.1**	**7,111.4**	**101.7**	**8,543.9**	**(1,403.1)**	**93,324.0**
Liabilities						
Liabilities arising from life insurance contracts	22,934.3				(3.5)	22,930.8
Liabilities arising from life investment contracts	24,332.7					24,332.7
Liabilities related to unit-linked contracts	20,772.8					20,772.8
Liabilities arising from non-life insurance contracts		4,835.5		181.4	(82.9)	4,934.0
Debt certificates				915.0		915.0
Subordinated liabilities	818.1	101.0		2,917.3	(986.1)	2,850.3
Borrowings	2,089.8	183.4	51.3	663.5	(214.2)	2,773.8
Current tax liabilities	80.0	1.5	4.7	20.0		106.2
Deferred tax liabilities	544.6	72.3		407.6		1,024.5
RPN(I)				316.0		316.0
Accrued interest and other liabilities	1,284.6	740.8	36.2	262.5	(114.7)	2,209.4
Provisions	20.3	9.3	0.2	4.4		34.2
Liabilities related to assets held for sale		17.4		21.9		39.3
Total liabilities	**72,877.2**	**5,961.2**	**92.4**	**5,709.6**	**(1,401.4)**	**83,239.0**
Shareholders' equity	4,753.5	815.5	9.9	2,853.8	(1.7)	8,431.0
Non-controlling interests	1,339.4	334.7	(0.6)	(19.5)		1,654.0
Total equity	**6,092.9**	**1,150.2**	**9.3**	**2,834.3**	**(1.7)**	**10,085.0**
Total liabilities and equity	**78,970.1**	**7,111.4**	**101.7**	**8,543.9**	**(1,403.1)**	**93,324.0**
Number of employees	**5,167**	**3,893**	**1,425**	**128**		**10,613**

1) *The comparative figures have been changed for comparison purposes.*

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14.10 Income statement split into Life and Non-life

						2010
	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income* [1]	*6,538.3*	*3,213.5*		*0.3*	*(0.5)*	*9,751.6*
- *Change in unearned premiums*		*(181.9)*				*(181.9)*
- *Ceded earned premiums*	*(72.8)*	*(173.2)*				*(246.0)*
Net earned premiums	6,465.5	2,858.4		0.3	(0.5)	9,323.7
Interest, dividend and other investment income	2,604.6	257.3	(16.5)	229.4	(69.5)	3,005.3
Unrealised gain (loss) on Call option BNP Paribas shares				(271.0)		(271.0)
Unrealised gain (loss) on RPN(I)				(149.0)		(149.0)
Realised and unrealised gains and losses	72.4	10.9		4.5		87.8
Income related to investments for unit-linked contracts	788.0					788.0
Share of result of associates	49.9	9.1		127.9	(0.6)	186.3
Fee and commission income	302.2	28.8	138.2		(41.2)	428.0
Other income	138.7	70.4	40.9	20.1	(22.1)	248.0
Total income	**10,421.3**	**3,234.9**	**162.6**	**(37.8)**	**(133.9)**	**13,647.1**
Expenses						
- *Insurance claims and benefits, gross*	*(7,506.4)*	*(2,260.6)*		*(2.5)*	*0.7*	*(9,768.8)*
- *Insurance claims and benefits, ceded*	*30.3*	*131.8*		*3.5*		*165.6*
Insurance claims and benefits, net	(7,476.1)	(2,128.8)		1.0	0.7	(9,603.2)
Charges related to unit-linked contracts	(755.0)					(755.0)
Finance costs	(99.9)	(13.1)	(10.2)	(245.9)	70.7	(298.4)
Change in impairments	(32.9)	(1.6)			0.6	(33.9)
Change in provisions	3.3	(2.5)				0.8
- *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)
Fee and commission expense	(524.2)	(568.3)		(1.1)	41.2	(1,052.4)
Staff expenses	(362.7)	(245.8)	(64.7)	(16.8)	(4.1)	(694.1)
Other expenses	(487.8)	(277.1)	(67.2)	(56.9)	22.1	(866.9)
Total expenses	**(9,735.3)**	**(3,237.2)**	**(142.1)**	**(522.5)**	**131.2**	**(13,505.9)**
Profit before taxation	**686.0**	**(2.3)**	**20.5**	**(560.3)**	**(2.7)**	**141.2**
Income tax expenses	(166.4)	3.7	(8.0)	393.3		222.6
Net profit for the period	**519.6**	**1.4**	**12.5**	**(167.0)**	**(2.7)**	**363.8**
Attributable to non-controlling interests	142.8	(0.6)		(1.5)		140.7
Net profit attributable to shareholders	**376.8**	**2.0**	**12.5**	**(165.5)**	**(2.7)**	**223.1**
Total income from external customers	10,386.5	3,229.9	82.9	(52.2)		13,647.1
Total income internal	34.8	5.0	79.7	14.4	(133.9)	
Total income	**10,421.3**	**3,234.9**	**162.6**	**(37.8)**	**(133.9)**	**13,647.1**
Non-cash expenses (excl. depreciation & amortisation)	(238.2)	(8.6)		(2,000.0)		(2,246.8)

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

						2010
	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	6,538.3	3,213.5		0.3	(0.5)	9,751.6
Inflow deposit accounting	2,432.6					2,432.6
Gross inflow	**8,970.9**	**3,213.5**		**0.3**	**(0.5)**	**12,184.2**

	Life	Non-life	Other Insurance	General Account	Eliminations	2009 [1] Total
Income						
- *Gross premium income* [2]	*6,594.6*	*2,654.0*			*(0.7)*	*9,247.9*
- *Change in unearned premiums*	*0.1*	*(28.4)*		*(4.1)*		*(32.4)*
- *Ceded earned premiums*	*(67.8)*	*(128.8)*		*3.9*	*0.3*	*(192.4)*
Net earned premiums	6,526.9	2,496.8		(0.2)	(0.4)	9,023.1
Interest, dividend and other investment income	2,520.4	254.8	0.3	434.0	(86.1)	3,123.4
Unrealised gain (loss) on Call option BNP Paribas shares				880.0		880.0
Unrealised gain (loss) on RPN(I)				(316.0)		(316.0)
Realised and unrealised gains and losses	108.1	9.7		834.9	(0.1)	952.6
Income related to investments for unit-linked contracts	2,307.1					2,307.1
Share of result of associates	77.7	12.8		(5.1)	(4.1)	81.3
Fee and commission income	280.4	22.6	111.2	(0.3)	(38.7)	375.2
Other income	236.8	83.6		26.1	(24.2)	322.3
Total income	**12,057.4**	**2,880.3**	**111.5**	**1,853.4**	**(153.6)**	**16,749.0**
Expenses						
- *Insurance claims and benefits, gross*	*(7,484.9)*	*(1,799.4)*		*(6.8)*	*0.7*	*(9,290.4)*
- *Insurance claims and benefits, ceded*	*27.8*	*32.5*		*4.9*	*(0.3)*	*64.9*
Insurance claims and benefits, net	(7,457.1)	(1,766.9)		(1.9)	0.4	(9,225.5)
Charges related to unit-linked contracts	(2,324.6)					(2,324.6)
Finance costs	(132.7)	(14.5)	(3.8)	(413.8)	67.0	(497.8)
Change in impairments	(112.2)	(5.0)		(354.3)	4.1	(467.4)
Change in provisions	30.7	2.3		9.0		42.0
Fee and commission expense	(513.9)	(496.8)			38.7	(972.0)
Staff expenses	(347.6)	(215.1)	(43.9)	(25.7)	(8.1)	(640.4)
Other expenses	(618.7)	(265.6)	(43.3)	(131.0)	43.3	(1,015.3)
Total expenses	**(11,476.1)**	**(2,761.6)**	**(91.0)**	**(917.7)**	**145.4**	**(15,101.0)**
Profit before taxation	**581.3**	**118.7**	**20.5**	**935.7**	**(8.2)**	**1,648.0**
Income tax expenses	(65.3)	(23.1)	(6.1)	(223.3)		(317.8)
Net profit for the period	**516.0**	**95.6**	**14.4**	**712.4**	**(8.2)**	**1,330.2**
Attributable to non-controlling interests	100.3	20.7		(0.6)		120.4
Net profit attributable to shareholders	**415.7**	**74.9**	**14.4**	**713.0**	**(8.2)**	**1,209.8**
Total income from external customers	12,018.8	2,877.5	72.9	1,779.8		16,749.0
Total income internal	38.6	2.8	38.6	73.6	(153.6)	
Total income	**12,057.4**	**2,880.3**	**111.5**	**1,853.4**	**(153.6)**	**16,749.0**
Non-cash expenses (excl. depreciation & amortisation)	(272.9)	(22.0)				(294.9)

1) *The comparative figures have been changed for comparison purposes.*

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

	Life	Non-life	Other Insurance	General Account	Eliminations	2009 Total
Gross premium income	6,594.6	2,654.0			(0.7)	9,247.9
Inflow deposit accounting	2,769.8					2,769.8
Gross inflow	**9,364.4**	**2,654.0**			**(0.7)**	**12,017.7**

14.11 Technical result insurance

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

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

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

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

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

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

2010	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	5,118.7	27.5	3,489.7	335.0		(0.5)	8,970.9
Gross inflow Non-life	1,590.7	1,179.3	443.5		0.3		3,213.8
Operating costs	(439.9)	(123.6)	(206.3)	(37.7)			(807.5)
Life technical result	343.2	(13.4)	129.0	8.7			467.5
- *Accident & Health*	*33.4*	*(11.7)*	*13.0*				*34.7*
- *Motor*	*(6.4)*	*1.5*	*(14.1)*				*(19.0)*
- *Fire and other damage to property*	*(92.1)*	*(31.6)*	*8.1*				*(115.6)*
- *Other*	*65.8*	*(1.3)*	*(1.2)*				*63.3*
Non-Life technical result	0.7	(43.1)	5.8				(36.6)
Total technical result	**343.9**	**(56.5)**	**134.8**	**8.7**			**430.9**
Capital gains (losses) allocated to operating margin	(44.7)	2.9	1.6	40.9			0.7
Operating margin	**299.2**	**(53.6)**	**136.4**	**49.6**			**431.6**
Share of result of associates	5.4			53.6	127.9	(0.6)	186.3
Other result, including brokerage	176.2	24.7	20.8	(8.1)	(688.2)	(2.1)	(476.7)
Profit before taxation	**480.8**	**(28.9)**	**157.2**	**95.1**	**(560.3)**	**(2.7)**	**141.2**
Key performance indicators							
Expense ratio	36.4%	28.0%	30.3%				32.8%
Claims ratio	71.0%	81.5%	71.2%				74.5%
Combined ratio	107.4%	109.5%	101.5%				107.3%
Life cost in % of Live FUM (annualised)	0.38%		0.56%	2.96%			0.53%
Funds under management	51,340.3	1,602.2	23,685.6	1,419.1	177.5	(93.0)	78,131.7

2009 [1]	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	5,351.7	9.9	3,706.0	296.8		(0.4)	9,364.4
Gross inflow Non-life	1,515.4	903.3	235.3			(0.3)	2,654.0
Operating costs	(427.1)	(95.5)	(174.4)	(32.1)			(729.1)
Life technical result	385.3	(9.0)	85.0	11.6			472.9
- *Accident & Health*	*64.7*	*(4.0)*	*7.8*				*68.5*
- *Motor*	*4.8*	*(24.9)*					*(20.1)*
- *Fire and other damage to property*	*(21.0)*	*7.2*	*14.0*				*0.2*
- *Other*	*24.7*	*3.7*	*0.6*				*29.0*
Non-Life technical result	73.2	(18.0)	22.4				77.6
Total technical result	**458.5**	**(27.0)**	**107.4**	**11.6**			**550.5**
Capital gains (losses) allocated to operating margin	(81.0)	9.9	0.4	4.4			(66.3)
Operating margin	**377.5**	**(17.1)**	**107.8**	**16.0**			**484.2**
Share of result of associates	4.8		(0.4)	86.1	(5.1)	(4.1)	81.3
Other result, including brokerage	98.9	36.5	19.8	(9.4)	940.8	(4.1)	1,082.5
Profit before taxation	**481.2**	**19.4**	**127.2**	**92.7**	**935.7**	**(8.2)**	**1,648.0**
Key performance indicators							
Expense ratio	36.8%	27.7%	27.6%				33.0%
Claims ratio	66.4%	80.4%	62.7%				70.8%
Combined ratio	103.2%	108.1%	90.3%				103.8%
Life cost ratio in % of FUM (annualised)	0.41%		0.64%	3.06%			0.59%
Funds under management	48,350.6	1,280.7	22,113.8	1,130.2	181.4	(86.4)	72,970.3

1) *The comparative figures have been changed for comparison purposes.*

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

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

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

Notes to the consolidated statement of financial position

15 Cash and cash equivalents

Cash includes cash on hand, current accounts and other financial instruments with a term of less than three months from the date on which they were acquired. The composition of cash and cash equivalents as at 31 December is as follows:

	31 December 2010	*31 December 2009*
Cash on hand	1.7	1.9
Due from banks	3,213.1	5,480.2
Other	43.5	153.6
Total cash and cash equivalents	**3,258.3**	**5,635.7**

The line Other includes EUR 11.1 million (2009: EUR 101.6 million) relating to money market paper.

16 Financial investments

The composition of financial investments is as follows:

	31 December 2010	31 December 2009
Financial investments		
- Available for sale	56,133.7	52,910.9
- Held at fair value through profit or loss	210.3	189.5
- Derivatives held for trading	56.1	150.3
Total, gross	**56,400.1**	**53,250.7**
Impairments:		
- of investments available for sale	(167.6)	(180.6)
Total impairments	**(167.6)**	**(180.6)**
Total	**56,232.5**	**53,070.1**

16.1 Investments available for sale

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

	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
31 December 2010						
Government bonds	32,841.9	824.1	(1,363.9)	32,302.1		32,302.1
Corporate debt securities	20,415.2	821.9	(334.8)	20,902.3	(2.5)	20,899.8
Structured credit instruments	426.3	16.8	(12.6)	430.5	(6.3)	424.2
Available for sale investments in debt securities	53,683.4	1,662.8	(1,711.3)	53,634.9	(8.8)	53,626.1
Private equities and venture capital	7.6	0.7		8.3	(1.3)	7.0
Equity securities	2,344.9	184.9	(45.8)	2,484.0	(157.5)	2,326.5
Other investments	6.5			6.5		6.5
Available for sale investments in equity securities and other investments	2,359.0	185.6	(45.8)	2,498.8	(158.8)	2,340.0
Total investments available for sale	**56,042.4**	**1,848.4**	**(1,757.1)**	**56,133.7**	**(167.6)**	**55,966.1**
31 December 2009						
Government bonds	32,564.0	1,202.2	(330.9)	33,435.3		33,435.3
Corporate debt securities	16,658.9	720.7	(70.6)	17,309.0	(3.6)	17,305.4
Structured credit instruments	462.8	13.7	(17.9)	458.6	(27.0)	431.6
Available for sale investments in debt securities	49,685.7	1,936.6	(419.4)	51,202.9	(30.6)	51,172.3
Private equities and venture capital	3.3			3.3	(1.2)	2.1
Equity securities	1,558.9	154.3	(13.3)	1,699.9	(148.8)	1,551.1
Other investments	4.8			4.8		4.8
Available for sale investments in equity securities and other investments	1,567.0	154.3	(13.3)	1,708.0	(150.0)	1,558.0
Total investments available for sale	**51,252.7**	**2,090.9**	**(432.7)**	**52,910.9**	**(180.6)**	**52,730.3**

The Investments available for sale are valued as follows at year-end 2010:

- Government bonds (EUR 32,302.1 million) are valued based on quoted prices in active markets (level 1);
- Corporate debt securities are for EUR 19,660.8 million based on quoted prices in active markets (level 1) while EUR 1,239.0 million is based on observable market data in active markets (level 2);
- Structured credit instruments are for EUR 378.0 million based on a level 1 valuation while EUR 46.1 million is based on a level 3 valuation (counterparty quotes);
- Equity securities (EUR 2,326.5 million) are mainly based on quoted prices in active markets (level 1). Only EUR 8.3 million is based on a level 3 valuation (counterparty quotes);
- Private equities and Other investments are based on observable market data in active markets (level 2).

The Investments available for sale were valued as follows at year-end 2009:

- Government bonds (EUR 33,435 million) were valued based on quoted prices in active markets (level 1);
- Corporate debt securities were for EUR 16,348 million based on quoted prices in active markets (level 1). EUR 923 million was based on observable market data in active markets (level 2) while EUR 13 million was based on a level 3 valuation (counterparty quotes);
- Structured credit instruments were for EUR 40 million based on a level 1 valuation, EUR 307 million was based on a level 2 valuation while EUR 84 million was based on a level 3 valuation (counterparty quotes);
- Equity securities (EUR 1,552 million) were mainly based on quoted prices in active markets (level 1). Only EUR 8 million was based on a level 2 valuation;
- Private equities and Other investments were based on observable market data in active markets (level 2).

The changes in level 3 valuation are as follows:

	2010	*2009*
Balance as at 1 January	**97.4**	**89.9**
Acquisitions	4.8	
Acquired	4.2	
Proceeds from sales	(59.1)	
Realised losses	1.3	(65.0)
Reversal of impairments	4.6	75.3
Impairments		(7.5)
Unrealised gains	1.1	4.7
Balance as at 31 December	**54.3**	**97.4**

The level 3 positions are mainly sensitive to a change in the level of credit spreads. If the general level of credit spreads increases by 1 basis point, it is estimated that the market value of these positions drops by 7 basis points. This would translate into a loss of value by approximately EUR 68,000 for every basis point widening of the level of credit spreads. The changes in value of the level 3 instruments are accounted for within shareholders' equity within unrealised gains and losses.

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Government bonds detailed by country of origin

Government bonds detailed by country of origin as at 31 December are as follows:

	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
31 December 2010			
Belgian national government	9,948.1	128.0	10,076.1
Dutch national government	1,288.2	48.0	1,336.2
German national government	2,628.8	149.9	2,778.7
Italian national government	3,683.4	(110.3)	3,573.1
French national government	4,069.6	92.4	4,162.0
Great Britain national government	600.4	12.8	613.2
Greek national government	1,832.0	(624.1)	1,207.9
Spanish national government	1,730.0	(129.0)	1,601.0
Portuguese national government	1,654.2	(142.4)	1,511.8
Austrian national government	2,543.2	81.4	2,624.6
Finnish national government	740.5	14.8	755.3
Irish national government	599.1	(109.7)	489.4
Slovenian national government	227.4	7.5	234.9
Czech republic national government	346.3	12.5	358.8
Slovakian national government	211.6	9.5	221.1
United States of America national government	308.8	12.7	321.5
Other national governments	430.3	6.2	436.5
Total	**32,841.9**	**(539.8)**	**32,302.1**
31 December 2009			
Belgian national government	6,572.2	369.0	6,941.2
Dutch national government	663.6	17.6	681.2
German national government	1,632.3	42.9	1,675.2
Italian national government	8,598.0	314.9	8,912.9
French national government	1,638.5	80.2	1,718.7
Great Britain national government	545.6	7.7	553.3
Greek national government	4,317.8	(240.6)	4,077.2
Spanish national government	1,943.9	58.5	2,002.4
Portuguese national government	2,962.8	109.4	3,072.2
Austrian national government	1,527.2	29.3	1,556.5
Finnish national government	181.1	5.8	186.9
Irish national government	580.2	17.6	597.8
Slovenian national government	511.5	28.9	540.4
Czech republic national government	317.6	12.0	329.6
Slovakian national government	138.4	8.9	147.3
United States of America national government	269.0	3.5	272.5
Other national governments	164.3	5.7	170.0
Total	**32,564.0**	**871.3**	**33,435.3**

There were no impairments on government bonds in 2010 and 2009.

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

	31 December 2010	31 December 2009
Available for sale investments in debt securities:		
Carrying amount	53,626.1	51,172.3
Gross unrealised gains and losses	(48.5)	1,517.2
- Related tax	4.5	(482.9)
Shadow accounting	(76.1)	(302.5)
- Related tax	22.0	80.7
Net unrealised gains and losses	**(98.1)**	**812.5**
Available for sale investments in equity securities and other investments:		
Carrying amount	2,340.0	1,558.0
Gross unrealised gains and losses	139.8	141.0
- Related tax	(18.9)	(14.7)
Shadow accounting	(19.1)	(41.7)
- Related tax	6.8	14.7
Net unrealised gains and losses	**108.6**	**99.3**

Impairments of investments available for sale

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

	31 December 2010	31 December 2009
Impairments of investments available for sale:		
- on debt securities	(8.8)	(30.6)
- on equity securities and other investments	(158.8)	(150.0)
Total impairments of investments available for sale	**(167.6)**	**(180.6)**

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

	2010	2009
Balance as at 1 January	**180.6**	**313.8**
Acquisitions/divestments of subsidiaries		(0.8)
Increase in impairments	32.8	101.1
Release of impairments	(4.6)	(10.3)
Reversal on sale/disposal	(38.6)	(222.8)
Foreign exchange differences and other adjustments	(2.6)	(0.4)
Balance as at 31 December	**167.6**	**180.6**

16.2 Investments held at fair value through profit or loss

The following table provides information as at 31 December about the investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	31 December 2010	31 December 2009
Government bonds		10.4
Corporate debt securities	103.7	82.3
Structured credit instruments	96.3	90.8
Debt securities	200.0	183.5
Equity securities	10.3	3.4
Other investments		2.6
Equity securities and other investments	10.3	6.0
Total investments held at fair value through profit or loss	**210.3**	**189.5**

The Investments held at fair value through profit or loss are valued as follows at year-end 2010:

- Equity securities (EUR 10.3 million) are valued based on quoted prices in active markets (level 1);
- Corporate debt securities are for EUR 103.7 million based on quoted prices in active markets (level 1);
- Structured credit instruments (EUR 96.3 million) are based on a level 3 valuation (counterparty quotes).

The Investments held at fair value through profit or loss were valued as follows at year-end 2009:

- Government bonds (EUR 10 million), Equity securities (EUR 3 million) and Other investments (EUR 3 million) were valued based on quoted prices in active markets (level 1);
- Corporate debt securities were for EUR 77 million based on quoted prices in active markets (level 1). EUR 5 million was based on a level 2 valuation;
- Structured credit instruments (EUR 91 million) were based on a level 3 valuation (counterparty quotes).

The changes in level 3 valuation are as follows:

	2010	2009
Balance as at 1 January	**90.8**	**26.3**
Proceeds from sales	(9.2)	
Unrealised gains	14.7	64.5
Balance as at 31 December	**96.3**	**90.8**

The level 3 positions are mainly sensitive to a change in the general level of credit spreads. If the general level of credit spreads increases by 1 basis point, it is estimated that the market value of these positions drops by 7 basis points. This would translate into a loss of value by approximately EUR 65,000 for every basis point widening of the general level of credit spreads. The change in value of Structured credit instruments between 2010 and 2009 is due to revaluation which is classified under realised and unrealised gains and losses.

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are contractually or on the basis of discretionary participation features linked to the performance of these assets and whose measurement incorporates current information. This measurement significantly reduces an accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The amortised cost of the debt securities held at fair value through profit or loss as at 31 December 2010 is EUR 301.9 million (2009: EUR 446.1 million).

16.3 Derivatives held for trading (assets)

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

	31 December 2010	*31 December 2009*
Over the counter (OTC)	56.1	150.3
Total derivatives held for trading (assets)	**56.1**	**150.3**

Derivatives held for trading are in 2010 based on a level 2 valuation (2009: EUR EUR 58 million was based on a level 1 valuation and EUR 1.3 million on a level 2 valuation).

17 Investment property

Investment property mainly comprises residential, commercial and mixed-use real estate.

	31 December 2010	31 December 2009
Investment property	1,950.1	1,701.4
Impairments of investment property	(49.8)	(48.7)
Total investment property	**1,900.3**	**1,652.7**

The following table shows the changes in investment property for the year ended 31 December.

	2010	2009
Acquisition cost as at 1 January	**2,189.7**	**1,771.6**
Acquisitions/divestments of subsidiaries	276.1	117.0
Additions/purchases	131.8	124.4
Disposals	(139.9)	(0.2)
Transfer from (to) property, plant and equipment		59.5
Foreign exchange differences	8.9	(3.6)
Other	4.7	121.0
Acquisition cost as at 31 December	**2,471.3**	**2,189.7**
Accumulated depreciation as at 1 January	**(488.3)**	**(444.3)**
Depreciation expense	(49.6)	(44.1)
Reversal of depreciation due to disposals	17.3	
Foreign exchange differences	(0.2)	0.1
Other	(0.4)	
Accumulated depreciation as at 31 December	**(521.2)**	**(488.3)**
Impairments as at 1 January	**(48.7)**	**(37.6)**
Increase in impairments charged to income statement	(2.2)	(11.1)
Reversal of impairments due to disposals	3.1	
Other	(2.0)	
Impairments as at 31 December	**(49.8)**	**(48.7)**
Net investment property as at 31 December	**1,900.3**	**1,652.7**
Cost of investment property under construction	141.2	72.9

The line Other under Acquisition cost in 2009 (EUR 121 million) relates to the classification of buildings held for resale as Investment property (previously classified under Accrued interest and other assets).

The fair value of investment property is set out below.

	31 December 2010	31 December 2009
Fair values supported by market evidence	2,238.8	1,701.7
Fair value subject to an independent valuation	216.6	503.7
Total fair value of investment property	**2,455.4**	**2,205.4**
Total carrying amount	1,900.3	1,652.7
Gross unrealised gain/loss	555.1	552.7
Taxation	(181.1)	(175.7)
Net unrealised gain/loss (not recognised in equity)	**374.0**	**377.0**

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. Real estate is split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Techniques and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT, office and equipment are depreciated over their respective useful lives, which are determined individually. As a general rule, residual values are considered to be zero.

Property rented out under operating lease

Ageas rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. At 31 December the minimum payments to be received from irrevocable lease agreements amounted to:

	2010	2009
Less than 3 months	37.1	35.9
3 months to 1 year	109.7	102.6
1 year to 5 years	548.2	377.9
More than 5 years	1,018.7	630.1
Total	**1,713.7**	**1,146.5**

18 Loans

The composition of loans is as follows:

	31 December 2010	31 December 2009
Loans to banks	2,068.8	1,817.2
Loans to customers	2,469.3	2,325.3
Total	**4,538.1**	**4,142.5**
Less impairments:		
- specific credit risk	(9.0)	(9.4)
- incurred but not reported (IBNR)	(0.9)	(0.8)
Total loans	**4,528.2**	**4,132.3**

18.1 Loans to banks

Loans to banks consists of the following:

	31 December 2010	31 December 2009
Interest-bearing deposits	946.4	901.7
Subordinated loans	942.3	900.1
Other	180.1	15.4
Total	**2,068.8**	**1,817.2**
Less impairments:		
- specific credit risk	(1.2)	(1.4)
Loans to banks	**2,067.6**	**1,815.8**

Impairments of loans to banks

Changes in the impairments of loans to banks are as follows:

	2010		2009	
	Specific credit risk	IBNR	Specific credit risk	IBNR
Balance as at 1 January	**1.4**		**1.4**	
Acquisitions/divestments of subsidiaries	(0.3)			
Foreign exchange differences and other adjustments	0.1			
Balance as at 31 December	**1.2**		**1.4**	

Note 7 describes in greater detail the impairments.

18.2 Loans to customers

The composition of loans to customers is as follows:

	31 December 2010	*31 December 2009*
Government and official institutions	0.2	
Residential mortgage	1,625.7	1,594.7
Consumer loans	5.4	7.2
Commercial loans	116.9	113.2
Policyholder loans	158.5	148.0
Financial lease receivables		64.9
Other loans	562.6	397.3
Total	**2,469.3**	**2,325.3**
Less impairments:		
- specific credit risk	(7.8)	(8.0)
- incurred but not reported (IBNR)	(0.9)	(0.8)
Loans to customers	**2,460.6**	**2,316.5**

Other loans mainly relates to loans to regional authorities and Governemental organisations. The financial lease agreements were sold in 2010 and consequently no financial lease receivables were recognised at year-end 2010.

Financial lease receivables

Receivables related to financial lease agreements as at 31 December comprise:

	Minimum lease payments		*Present value of the minimum lease payments receivable*	
	2010	*2009*	*2010*	*2009*
Gross investment in financial leases:				
Less than 3 months		1.7		0.5
3 months to 1 year		5.3		1.4
1 year to 5 years		28.0		8.9
More than 5 years		87.6		54.1
Total		**122.6**		**64.9**
Unearned finance income		57.7		

Proceeds from financial lease agreements, recorded in the income statement in 2010, until the moment of sale, amounted to EUR 3.4 million (2009: EUR 6.9 million).

Impairments of loans to customers

The following table shows the changes in impairments on Loans to customers.

	2010		2009	
	Specific credit risk	IBNR	Specific credit risk	IBNR
Balance as at 1 January	**8.0**	**0.8**	**8.6**	
Increase in impairments	1.7	0.1	2.3	0.8
Release of impairments	(2.4)		(2.7)	
Write-offs of uncollectible loans			(0.1)	
Foreign exchange differences and other adjustments	0.5		(0.1)	
Balance as at 31 December	**7.8**	**0.9**	**8.0**	**0.8**

The impairments are described in more detail in Note 7.

19 Investments in associates

The following table provides an overview of the most significant investments in associates as at 31 December.

			2010	2009
		% interest	Carrying amount	Carrying amount
Associates				
Mayban Fortis Holdings	Malaysia	30.95%	253.8	219.9
Muang Thai Group Holding	Thailand	31% - 12%	154.4	90.4
Tai Ping Holdings	China	24.90%	244.3	199.2
Royal Park Investments	Belgium	44.71%	933.2	760.0
IDBI federal Life Insurance	India	26.00%	7.6	10.8
Other			139.2	123.3
Total			**1,732.5**	**1,403.6**

The details of the associates are as follows:

	Total assets	Total liabilities	Total income	Total expenses
2010				
Mayban Fortis Holdings	5,780.6	4,960.5	1,416.8	(1,334.7)
Muang Thai Group Holding	2,584.4	2,114.8	883.3	(819.5)
Tai Ping Holdings	12,662.4	11,663.3	4,129.5	(4,080.4)
Royal Park Investments	9,317.3	7,229.9	1,030.0	(736.2)
IDBI	286.5	257.2	154.4	(171.0)
2009				
Mayban Fortis Holdings	4,474.9	3,764.3	759.3	(574.5)
Muang Thai Group Holding	1,808.5	1,379.5	615.3	(545.7)
Tai Ping Holdings	8,481.6	7,657.1	2,909.6	(2,839.7)
Royal Park Investments	10,152.0	8,452.0	912.0	(912.0)
IDBI	148.7	107.3	85.5	(99.1)

The comparative figures for 2009 for Tai Ping Holdings have been changed for comparison purposes related to the revaluation of Liabilities arising from Life insurance contracts by Tai Ping (an associate of of Ageas in China) due to a change in accounting policies. The impact of the revaluation amounted to EUR 81 million positive.

19.1 Royal Park Investments

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

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

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

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

To determine the cash flows of the portfolio and related funding several assumptions were made such as loss given default, probability of default, pre-payment speed, housing price evolutions, additional sector and geographical data when needed. Given the fact that the uncertainties were taken into consideration when determining the cash flows, and the fact that the funding of RPI is guaranteed, the expected cash flows have been discounted at 7.8% (2009: 7.8%) being the risk free interest rate for Belgium plus the normal equity premium.

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

Using the above mentioned Ageas accounting principles per the end of each quarter, RPI performed an impairment test on the goodwill recognised by RPI on the acquisition of the loan portfolio and related funding. The outcome was that an impairment of EUR 359 million on goodwill was necessary in 2010. RPI reported an IFRS profit before goodwill impairment of EUR 651 million. As a consequence, Ageas could account for a positive contribution of EUR 131 million (31 December 2009: EUR 599 million, before goodwill impairment and nihil after impairment) to the net result, in line with our stake in RPI, and reported under 'share in result of associates'. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. All fair value movements flow through equity (EUR 93.7 million for the full year 2010). As a result of both events, Ageas's equity investment in RPI increased from EUR 760 million to EUR 933.2 million.

At the end of 2010, the fair value of the investment portfolio under IFRS amounts to EUR 7.0 billion (31 December 2009: EUR 7.2 billion), the goodwill EUR 1.4 billion (31 December 2009: EUR 1.7 billion) and the deferred tax asset EUR 0.7 billion (31 December 2009: EUR 0.9 billion). The funding measured at amortised cost, amounts to EUR 7.1 billon (31 December 2009: EUR 8.2 billion) and the equity amounts to EUR 2.1 billion (31 December 2009: EUR 1.7 billion). Total net interest payments and principal collections in 2010 amounted to EUR 169 million (EUR 91 million as of 31 December 2009 since the acquisition date) and EUR 1.5 billion (EUR 1.1 billion as of 31 December 2009 since the acquisition date) respectively.

20 Reinsurance and other receivables

The table below shows the components of reinsurance and other receivables as at 31 December.

	31 December 2010	31 December 2009
Reinsurers' share of liabilities arising from insurance and investment contracts	359.8	282.6
Receivables from policyholders	437.4	447.6
Fees and commissions receivable	57.8	50.5
Operating lease receivables	3.0	3.0
Receivables from intermediaries	266.9	212.6
Reinsurance receivables	54.0	37.4
Claims on ABN AMRO	2,362.5	362.6
Other	310.4	250.8
Total gross	**3,851.8**	**1,647.1**
Impairments	(23.3)	(383.4)
Net total	**3,828.5**	**1,263.7**

Included in the caption 'Claims on ABN AMRO' are the the claims on Fortis Capital Company Limited, ABN AMRO and the Dutch State related to the FCC transaction and the MCS conversion. The first claim is for full compensation for the payment (EUR 362.5 million) made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO N.V.) to allow it to pay the above amount to the holders of preference shares. In 2009, this claim was impaired based on the fact that ABN AMRO contested the claim. Based on the negotiations with the Dutch State, Ageas decided to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State (see also note 35 and note 47).

The second claim relates to the MCS conversion. On December 7, 2010, Ageas issued 106.7 million shares in relation to the conversion of the MCS (see also note 4). Since ABN AMRO was the beneficiary of the proceeds of the MCS issue and the existence of the 4 party agreement granted Ageas a claim on ABN AMRO at the moment of conversion, Ageas recorded a receivable for an amount of EUR 2 billion with ABN AMRO as debtor at the moment of conversion. The Dutch State has made a statement that based on the terms and conditions on the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance, they are entitled to this claim. Ageas has taken this into account for the set up of a provision for disputes with the Dutch State (see also note 35 and note 47).

The line Other includes receivables related to VAT and other indirect taxes.

Changes in impairments of reinsurance and other receivables

The following table shows the changes in the impairments of reinsurance and other receivables.

	2010	2009
Balance as at 1 January	**383.4**	**36.4**
Acquisitions/divestments of subsidiaries	(0.1)	
Increase in impairments	7.0	366.3
Release of impairments	(365.3)	(10.9)
Write-offs of uncollectible amounts	(1.5)	(8.3)
Foreign exchange differences and other adjustments	(0.2)	(0.1)
Balance as at 31 December	**23.3**	**383.4**

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Changes in the reinsurer’s share of liabilities arising from insurance and investment contracts

Changes in the reinsurer’s share of liabilities arising from insurance and investment contracts are shown below.

	2010	2009
Balance as at 1 January	**282.6**	**263.4**
Acquisitions/divestments of subsidiaries	(0.3)	60.3
Change in liabilities current year	109.5	24.5
Change in liabilities prior years	(0.8)	(30.4)
Claims paid current year	(7.0)	1.6
Claims paid prior years	(35.4)	(26.7)
Other net additions through income statement	8.6	(13.0)
Foreign exchange differences and other adjustments	2.6	2.9
Balance as at 31 December	**359.8**	**282.6**

21 Call option BNP Paribas shares

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

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

Ageas can exercise the options up to 10 October 2016, after a lock-up period expired on 10 October 2010. Ageas also investigated various alternatives to monetise the options, but decided to move to a gradual exercise strategy in accordance with a disciplined methodology, once the options are in the money.

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

Value calculation

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

The following data were used for the valuation at year end:

	31 December 2010	*31 December 2009*
BNP Paribas shareprice	EUR 47.685	EUR 55.85
Strike price	EUR 66.672	EUR 66.672
Volatility	33%	27%
Dividend yield	5.29%	3.57%
Price per option up to 10 October 2016	EUR 7.18	EUR 10.37
Theoretical value of 121.2 million options	EUR 870 million	EUR 1,257 million
Estimated value, after adjustment for non standard features (30%)	**EUR 609 million**	**EUR 880 million**

Volatility

Given the very large number of options on BNP Paribas shares carried by Ageas, representing 10.24% of the BNP Paribas outstanding shares, the monetisation of the options is expected to have an effect on the value of traded options and hence the implied volatility. The volatility used in the valuation at year end 2009 therefore included a size-discount of 7%. Ageas decided to move to a gradual exercise strategy in accordance with a disciplined methodology in 2010, in order to minimise the impact of the implied volatility of the shares on the value of the call option. Following the move towards a gradual exercise strategy, Ageas decided to use volatility per 31 December based on extrapolated implied volatility observed in the market at that date, without applying a discount for valuing the call option. The value of the call option at the end of December 2010 amounted to EUR 609 million, after adjustment for non-standard features. Using the size discount of 7% on the volatility, as used at year end 2009, would have lead to a 38% lower value.

Sensitivity valuation for assumption changes

Both the applied volatility and the dividend yield assumption have a significant influence on the value of the options: a change in the volatility of 5% on 31 December 2010 results in a 27% change in the theoretical value of the option. A decrease of the dividend yield to 4%, keeping other input variables equal, results in an 16% increase of the theoretical value, while an increase of the dividend yield to 6%, all other input variables kept equal, results in a 9% decrease of the theoretical value of the options.

Adjustment for non standard features

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

Pay out of proceeds

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

The Belgian Ruling Commission has confirmed that the grant of the BNP Paribas option is not itself a taxable event for ageas SA/NV. After the liquidation of Brussels Liquidation Holding, Ageas has sufficient tax carry forward losses that it will not have to pay corporate income tax when the gains on the option are realised and thus be able to propose, to the extent permitted by law, to dividend out the gross proceeds.

22 Accrued interest and other assets

The table below shows the components of Accrued interest and other assets as at 31 December.

	31 December 2010	*31 December 2009*
Deferred acquisition cost	574.6	508.2
Deferred other charges	93.1	79.7
Accrued income	1,287.4	1,155.3
Derivatives held for hedging purposes	1.5	
Buildings held for sale	25.6	37.2
Defined benefit assets	14.1	9.4
Other	46.2	59.8
Total gross	**2,042.5**	**1,849.6**
Impairments		(2.0)
Accrued interest and other assets	**2,042.5**	**1,847.6**

For details of pension plans and related pension assets (see Note 9).

Deferred acquisition costs

Changes in deferred acquisition costs related to insurance and investment contracts are shown below.

	2010	*2009*
Balance as at 1 January	**508.2**	**421.3**
Acquisitions/divestments of subsidiaries	(1.9)	41.1
Capitalised deferred acquisition costs	448.7	462.9
Depreciation expense	(376.5)	(420.2)
Other adjustments including exchange rate differences	(3.9)	3.1
Balance as at 31 December	**574.6**	**508.2**

23 Property, plant and equipment

The table below shows the carrying amount for each category of Property, plant and equipment as at 31 December.

	31 December 2010	31 December 2009
Land and buildings held for own use	974.4	1,035.1
Leasehold improvements	18.5	16.7
Equipment	72.1	56.3
Total	**1,065.0**	**1,108.1**

Changes in property, plant and equipment

Changes in Property, plant and equipment are shown below.

					2009
	Land and buildings held for own use	Leasehold improve-ments	Equipment	Buildings under construction	Total
Acquisition cost as at 1 January	**1,365.0**	**49.3**	**188.3**	**90.2**	**1,692.8**
Acquisitions/divestments of subsidiaries			1.6		1.6
Additions	46.0	1.0	22.1		69.1
Reversal of cost due to disposals	(0.4)	(0.1)	(27.2)		(27.7)
Transfer from (to) investment property				(59.5)	(59.5)
Foreign exchange differences	(0.3)	(0.1)	1.8		1.4
Other	74.6	(2.9)	(2.6)	(30.7)	38.4
Acquisition cost as at 31 December	**1,484.9**	**47.2**	**184.0**		**1,716.1**
Accumulated depreciation as at 1 January	**(388.4)**	**(29.5)**	**(137.4)**		**(555.3)**
Acquisitions/divestments of subsidiaries			(1.6)		(1.6)
Depreciation expense	(40.0)	(3.6)	(20.2)		(63.8)
Reversal of depreciation due to disposals		0.1	26.5		26.6
Foreign exchange differences	(0.1)	0.1	(1.2)		(1.2)
Other	(13.7)	2.4	6.2		(5.1)
Accumulated depreciation as at 31 December	**(442.2)**	**(30.5)**	**(127.7)**		**(600.4)**
Impairments as at 1 January	**(1.9)**				**(1.9)**
Increase in impairments charged to the income statement	(5.8)				(5.8)
Reversal of impairments due to disposals	0.1				0.1
Impairments as at 31 December	**(7.6)**				**(7.6)**
Property, plant and equipment as at 31 December	**1,035.1**	**16.7**	**56.3**		**1,108.1**

	2010			
	Land and buildings held for own use	*Leasehold improve-ments*	*Equipment*	*Total*
Acquisition cost as at 1 January	**1,484.9**	**47.2**	**184.0**	**1,716.1**
Acquisitions/divestments of subsidiaries	12.6	(0.4)	10.3	22.5
Additions	32.6	4.6	29.1	66.3
Reversal of cost due to disposals	(32.5)	(0.1)	(5.7)	(38.3)
Foreign exchange differences	2.9	0.7	1.0	4.6
Other	(81.6)	(6.1)	1.3	(86.4)
Acquisition cost as at 31 December	**1,418.9**	**45.9**	**220.1**	**1,684.9**
Accumulated depreciation as at 1 January	**(442.2)**	**(30.5)**	**(127.7)**	**(600.4)**
Acquisitions/divestments of subsidiaries		0.8	0.7	1.5
Additions			(0.1)	(0.1)
Depreciation expense	(34.1)	(5.2)	(23.3)	(62.6)
Reversal of depreciation due to disposals	0.8		5.3	6.1
Foreign exchange differences	(0.1)	(0.4)	(0.9)	(1.4)
Other	39.2	8.8	(2.1)	45.9
Accumulated depreciation as at 31 December	**(436.4)**	**(26.6)**	**(148.0)**	**(611.0)**
Impairments as at 1 January	**(7.6)**			**(7.6)**
Increase in impairments charged to the income statement	(0.5)			(0.5)
Other		(0.8)		(0.8)
Impairments as at 31 December	**(8.1)**	**(0.8)**		**(8.9)**
Property, plant and equipment as at 31 December	**974.4**	**18.5**	**72.1**	**1,065.0**

The amounts in the lines Other under Land and buildings held for own use relate in 2010 to the transfer of concession rights to intangible assets (see note 24) in accordance with IFRIC 12. In 2009, the amounts in Other under Land and buildings held for own use and Buildings under construction relate primarily to transfers to and from buildings held for sale.

In 2009 Buildings under construction has been reclassified to Investment property in accordance with IFRS.

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Fair value of land and buildings held for own use

The fair value of owner-occupied property is set out below.

	31 December 2010	31 December 2009
Total fair value of Land and buildings held for own use	**1,385.2**	**1,425.6**
Total carrying amount	974.4	1,035.1
Gross unrealised gain/loss	410.8	390.5
Taxation	(132.9)	(124.2)
Net unrealised gain/loss (not recognised in equity)	**277.9**	**266.3**

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The real estate is split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful lives of the components are as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Techniques and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT, offices and equipment are depreciated over their respective useful lives, which have been determined individually. As a general rule, residual values are considered to be zero.

24 Goodwill and other intangible assets

Goodwill and other intangible assets as at 31 December are as follows:

	31 December 2010	31 December 2009
Goodwill	819.9	649.7
VOBA	459.7	486.8
Purchased software	10.7	8.8
Internally developed software	25.4	33.7
Other intangible assets	370.3	197.4
Total	**1,686.0**	**1,376.4**

Value of business acquired (VOBA) is the difference between the fair value at acquisition date and the subsequent book value of a portfolio of contracts acquired separately or in a business combination. VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts. The main contributors to VOBA are Ageas Insurance Company Asia and Millenniumbcp Ageas.

Other intangible assets include intangible assets with a finite useful life, such as concessions, patents, licences, trademarks and other similar rights, this mainly relates to AG Real Estate. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most. Other intangible assets are amortised in accordance with their expected lives.

With the exception of goodwill, Ageas does not have any intangible assets with indefinite useful lives.

Changes in goodwill and other intangible assets

Changes in goodwill and other intangible assets for the years 2009 and 2010 are shown below.

						2009
	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**531.2**	**790.4**	**54.4**	**32.3**	**322.3**	**1,730.6**
Acquisitions/divestments of subsidiaries	128.5		(3.9)		9.6	134.2
Additions			5.9	3.7	2.0	11.6
Adjustments arising from subsequent changes in value of assets and liabilities	0.2				0.2	0.4
Reversal of cost due to disposals	(0.1)			(4.8)	(0.1)	(5.0)
Foreign exchange differences	(9.3)	(8.7)	(0.1)	0.7	0.2	(17.2)
Other			(25.5)	25.5	(54.1)	(54.1)
Acquisition cost as at 31 December	**650.5**	**781.7**	**30.8**	**57.4**	**280.1**	**1,800.5**
Accumulated amortisation as at 1 January		**(240.9)**	**(36.1)**	**(3.5)**	**(81.8)**	**(362.3)**
Acquisitions/divestments of subsidiaries			3.7		0.9	4.6
Amortisation expense		(55.1)	(2.6)	(11.0)	(9.6)	(78.3)
Reversal of amortisation due to disposals				3.9		3.9
Foreign exchange differences		1.1	0.1	(0.1)	(0.1)	1.0
Other			12.9	(12.8)	10.9	11.0
Accumulated amortisation as at 31 December		**(294.9)**	**(22.0)**	**(23.5)**	**(79.7)**	**(420.1)**
Impairments as at 1 January	**(0.6)**			**(0.2)**	**(0.5)**	**(1.3)**
Increase in impairments charged to the income statement	(0.4)				(2.5)	(2.9)
Other	0.2					0.2
Impairments as at 31 December	**(0.8)**			**(0.2)**	**(3.0)**	**(4.0)**
Goodwill and other intangible assets as at 31 December	**649.7**	**486.8**	**8.8**	**33.7**	**197.4**	**1,376.4**

						2010
	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**650.5**	**781.7**	**30.8**	**57.4**	**280.1**	**1,800.5**
Acquisitions/divestments of subsidiaries	201.1	(0.4)	(2.8)	(0.2)	153.3	351.0
Additions	2.0		7.4	2.3	2.6	14.3
Adjustments arising from subsequent changes in value of assets and liabilities	(48.0)					(48.0)
Reversal of cost due to disposals			(0.3)	(2.4)	(3.8)	(6.5)
Foreign exchange differences	15.3	19.0	0.6	0.3	(0.6)	34.6
Other					87.6	87.6
Acquisition cost as at 31 December	**820.9**	**800.3**	**35.7**	**57.4**	**519.2**	**2,233.5**
Accumulated amortisation as at 1 January		**(294.9)**	**(22.0)**	**(23.5)**	**(79.7)**	**(420.1)**
Acquisitions/divestments of subsidiaries		0.3	1.4			1.7
Amortisation expense		(43.6)	(4.3)	(9.6)	(21.6)	(79.1)
Reversal of amortisation due to disposals			0.2		0.3	0.5
Foreign exchange differences		(2.4)	(0.3)	(0.1)	(0.1)	(2.9)
Other				1.2	(46.2)	(45.0)
Accumulated amortisation as at 31 December		**(340.6)**	**(25.0)**	**(32.0)**	**(147.3)**	**(544.9)**
Impairments as at 1 January	**(0.8)**			**(0.2)**	**(3.0)**	**(4.0)**
Acquisitions/divestments of subsidiaries				0.2		0.2
Reversal of impairments credited to the income statement					0.7	0.7
Other	(0.2)				0.7	0.5
Impairments as at 31 December	**(1.0)**				**(1.6)**	**(2.6)**
Goodwill and other intangible assets as at 31 December	**819.9**	**459.7**	**10.7**	**25.4**	**370.3**	**1,686.0**

The amounts in the line Other under Other intangible assets relate in 2010 to the transfer of concession rights from Land and buildings held for own use (see note 23) in accordance with IFRIC 12.

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is determined by the higher of the value in use and fair value less costs to sell. The type of acquired entity determines the definition of the CGU. Currently all CGUs have been defined at (legal) entity level.

The recoverable amount of a CGU is assessed by means of a discounted cash-flow model of the anticipated future cash flows of the CGU. The key assumptions used in the cash-flow model depend on input reflecting various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated. These variables are determined on the basis of management's judgement. If the entity is listed on a stock market, the market price will also be considered an element in the evaluation.

Ageas Insurance Company Asia

The goodwill for Ageas Insurance Company Asia amounts to EUR 299.0 million (2009: EUR 302.7 million). The change in amount between 2010 and 2009 is caused by a restatement through equity of EUR 26.6 million and exchange rate differences between the Euro and Hongkong dollar. The value in use calculation uses post-tax cash flows based on business plans approved by local and Ageas's management over a period of five years. Estimates after this period have been extrapolated using a growth rate of 4 percent which represents a realistic approach of expected local market developments. The discount rate used of 11.8 percent is based on the post-tax risk free interest rate, country risk, market risk premium and the beta coefficient provided by professional market data providers. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently the goodwill for Ageas Insurance Company Asia is not impaired.

A sensitivity analysis with regard to the assumptions was performed. If the growth rate would drop by 0.9 percent point or the discount rate would increase by 0.7 percent point, the goodwill for Ageas Insurance Company Asia will not be impaired.

Millenniumbcp Ageas

The reported goodwill for Millenniumbcp Ageas amounts to EUR 168.4 million (2009: EUR 168.4 million). The value in use calculation uses post-tax cash flows based on business plans approved by local and Ageas's management over a period of five years. Estimates after this period have been extrapolated using a growth rate of 2.5 percent points which represents an approach of expected inflation in Portugal. The discount rate used amounts to 8.9 percent points. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently the goodwill for Millenniumbcp Ageas is not impaired.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for Millenniumbcp Ageas will still not be impaired if the growth rate would drop by 3 percent points or the discount rate would increase by 2 percent points.

UBI Assicurazioni

The reported goodwill for UBI Assicurazioni amounts to EUR 107.1 million (2009: EUR 128.3 million). The change in amount between 2010 and 2009 is caused by changes in the opening balance which has been finalised at year end 2010 and adjustments to the expected earn-out payments. The value in use calculation uses post-tax cash flows based on business plans approved by local and Ageas's management over a period of seven years. Estimates after this period have been extrapolated using a growth rate of 2.3 percent points which represents a realistic approach of expected local market developments. The discount rate used amounts to 10.1 percent points. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently the goodwill for UBI Assicurazioni is not impaired.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for UBI Assicurazioni would not be impaired if the growth rate would drop by 0.7 percent point or the discount rate would increase by 0.5 percent point.

Kwik-Fit Insurance Services

The initial goodwill amount for Kwik-Fit Insurance Services (EUR 207.0 million), which Ageas acquired in 2010, has not been tested for impairment because the opening statement of financial position of Kwik-Fit Insurance Services has not been finalised yet.

The breakdown of goodwill and impairments for the main cash-generating units as at 31 December 2010 is as follows:

	Goodwill amount	*Impairments*	*Net amount*	*Segment*	*Method used for recoverable amount*
Cash-generating unit (CGU)					
Ageas (UK) Limited	216.2	0.6	215.6	United Kingdom (UK)	Value in use
Millenniumbcp Ageas	168.4		168.4	Continental Europe (CEU)	Value in use
Ageas Insurance Comp. Asia	299.0		299.0	Asia	Value in use
UBI Assicurazioni	107.1		107.1	Continental Europe (CEU)	Value in use
Other	30.2	0.4	29.8	CEU / Belgium	Value in use
Total	**820.9**	**1.0**	**819.9**		

Amortisation of VOBA

The expected amortisation expenses for VOBA from 2011 onwards are as follows:

	2011	*2012*	*2013*	*2014*	*2015*	*Later*
Estimated amortisation of VOBA	41.9	38.0	36.0	34.8	32.6	276.4

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25 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts as at 31 December.

	31 December 2010	*31 December 2009*
Liability for future policyholder benefits	23,556.9	22,466.2
Reserve for policyholder profit sharing	323.0	297.3
Shadow accounting adjustment	61.1	170.8
Before eliminations	**23,941.0**	**22,934.3**
Eliminations	(2.6)	(3.5)
Gross	**23,938.4**	**22,930.8**
Reinsurance	(25.2)	(27.5)
Net	**23,913.2**	**22,903.3**

Changes in the liabilities arising from life insurance contracts (gross of reinsurance and before eliminations) are shown below.

	2010	*2009*
Balance as at 1 January	**22,934.3**	**21,864.4**
Acquisitions/divestments of subsidiaries	(23.5)	
Gross inflow	2,580.5	2,806.2
Time value	874.4	979.1
Payments due to surrenders, maturities and other	(1,769.7)	(2,027.5)
Transfer of liabilities	52.3	(24.5)
Foreign exchange differences	65.6	(29.5)
Shadow accounting adjustment	(109.7)	132.7
Net changes in group contracts	47.4	(82.5)
Other changes, including risk coverage	(710.6)	(684.1)
Balance as at 31 December	**23,941.0**	**22,934.3**

The adequacy of insurance liabilities ('liability adequacy test') is tested by each company at each reporting date. The tests are performed on legal fungible level (asset pool level) for life.

Ageas considers current best estimates of all contractual cash flows, including related cash flows such as (re)investment returns and expenses. The assumptions are internally consistent with those used for other modeling purposes. For Life Insurance contracts, the tests include cash flows resulting from embedded options and guarantees. The present value of these cash flows has been determined by using a risk-free discount rate. Any shortfall is recognised immediately in the income statement. The tests carried out at 2010 year-end confirmed the reported liabilities are adequate.

The effect of changes in assumptions used to measure the liabilities related to life insurance contracts was not material in 2010 and 2009.

26 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts as at 31 December.

	31 December 2010	31 December 2009
Liability for future policyholder benefits	26,667.6	23,965.5
Reserve for policyholder profit sharing	212.0	194.0
Shadow accounting adjustment	34.2	173.2
Gross	**26,913.8**	**24,332.7**
Reinsurance		
Net	**26,913.8**	**24,332.7**

Changes in the liabilities arising from Life investment contracts are shown below.

	2010	2009
Balance as at 1 January	**24,332.7**	**21,606.5**
Gross inflow	3,758.1	3,587.1
Time value	617.7	570.6
Payments due to surrenders, maturities and other	(1,594.5)	(1,442.9)
Transfer of liabilities	0.3	1.3
Foreign exchange differences	1.5	(1.1)
Shadow accounting adjustment	(139.0)	138.0
Net changes in group contracts	13.2	
Other changes, including risk coverage	(76.2)	(126.8)
Balance as at 31 December	**26,913.8**	**24,332.7**

27 Liabilities related to unit-linked contracts

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

	31 December 2010	31 December 2009
Insurance contracts	1,711.6	1,646.7
Investment contracts	20,119.3	19,126.1
Total	**21,830.9**	**20,772.8**

The following table shows the changes in liabilities related to unit-linked insurance contracts.

	2010	2009
Balance as at 1 January	**1,646.7**	**1,361.9**
Gross inflow	203.1	222.9
Time value	53.8	117.8
Payments due to surrenders, maturities and other	(121.6)	(87.7)
Transfer of liabilities	(13.8)	(25.6)
Foreign exchange differences	1.5	(0.7)
Net changes in group contracts	(47.4)	83.5
Other changes, including risk coverage	(10.7)	(25.4)
Balance as at 31 December	**1,711.6**	**1,646.7**

The following table shows the changes in liabilities related to unit-linked investment contracts.

	2010	2009
Balance as at 1 January	**19,126.1**	**16,715.9**
Acquisitions/divestments of subsidiaries	(179.5)	
Gross inflow	2,429.2	2,748.1
Time value	558.6	1,966.7
Payments due to surrenders, maturities and other	(1,782.8)	(2,338.5)
Transfer of liabilities	(8.7)	(6.5)
Foreign exchange differences	22.6	(8.2)
Net changes in group contracts	(13.2)	
Other changes, including risk coverage	(33.0)	48.6
Balance as at 31 December	**20,119.3**	**19,126.1**

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28 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts as at 31 December.

	31 December 2010	*31 December 2009*
Claims reserves	4,377.4	4,048.3
Unearned premiums	1,155.4	960.0
Reserve for policyholder profit sharing	6.2	8.6
Before eliminations	**5,539.0**	**5,016.9**
Eliminations	(90.4)	(82.9)
Gross	**5,448.6**	**4,934.0**
Reinsurance	(334.7)	(255.0)
Net	**5,113.9**	**4,679.0**

Changes in the liabilities arising from insurance contracts for Non-life insurance contracts (gross of reinsurance and before eliminations) are shown below.

		2010		*2009*
Balance as at 1 January		**4,934.0**		**4,289.1**
Acquisitions/divestments of subsidiaries				426.6
Addition to liabilities current year	2,326.8		1,921.0	
Claims paid current year	(1,160.2)		(1,026.6)	
Change in liabilities current year	1,166.6		894.4	
Addition to liabilities prior years	(66.1)		(121.6)	
Claims paid prior years	(784.9)		(635.7)	
Change in liabilities prior years	(851.0)		(757.3)	
		315.6		137.1
Change in unearned premiums		182.0		28.1
Transfer of liabilities		(11.5)		9.9
Foreign exchange differences		42.9		81.4
Other changes, including change in Ageas Re		(14.4)		(38.2)
Balance as at 31 December		**5,448.6**		**4,934.0**

The adequacy of insurance liabilities ('liability adequacy test') is tested by each company at each reporting date. The tests are performed on a level of homogeneous product groups for Non-life.

Any shortfall is recognised immediately in the income statement. The tests carried out at 2010 year-end confirmed the reported liabilities are adequate.

The effect of changes in assumptions used to measure the liabilities related to Non-life insurance contracts was not material in 2010 and 2009.

29 Debt certificates

The following table shows the types of debt certificates (EMTN) issued by Ageas and the amounts outstanding as at 31 December.

	31 December 2010	*31 December 2009*
Held at amortised cost	365.7	660.8
Held at fair value through profit or loss	183.2	254.2
Total debt certificates	**548.9**	**915.0**

Due to the changes in the composition of the former Fortis group in October 2008 there is no curable breach of a debt convenant and as a result, all debt securities are in default and directly callable by the securityholder at nominal value (there are no other breaches of debt convenants). Therefore the debt securities held at fair value through profit or loss are valued at minimal the nominal value. The nominal value of debt securities held at fair value through profit or loss was EUR 181.0 million as at 31 December 2010 (2009: EUR 250.8 million). The valuation of debt securities held at fair value through profit or loss is based on level 2. Ageas has not pledged any assets against outstanding debt certificates.

The maturity of the balance of debt certificates outstanding as at 31 December is shown below.

	2010	*2009*
2010		915.0
2011	548.9	
Total debt certificates	**548.9**	**915.0**

30 Subordinated liabilities

The following table provides a specification of the subordinated liabilities as at 31 December.

	31 December 2010	*31 December 2009*
FRESH	1,250.0	1,250.0
- Hybrone	495.4	494.7
- Nitsh I	571.3	530.5
- Nitsh II	540.3	546.0
Ageas Hybrid Financing	1,607.0	1,571.2
Other subordinated liabilities	69.9	29.1
Total subordinated liabilities	**2,926.9**	**2,850.3**

30.1 FRESH

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

The FRESH was issued by Ageasfinlux S.A., with ageas SA/NV and ageas N.V. acting as co-obligors. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against any of the co-obligors with respect to the principal amount are the 39,682,540 Ageas shares that Ageasfinlux S.A. pledged in favour of such holders. Pending the exchange of the FRESH against Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 31 December 2010 already includes the 39,682,540 Ageas shares issued for the purpose of such exchange).

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

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

The net amounts collected at the date of issuance of the FRESH were divided into a liability and an equity component. The EUR 265.6 million equity component is related to the embedded derivative included in the FRESH. The liability component was calculated in 2002 based on the then estimated net discounted value of the expected cash flows related to the instrument and the anticipated exchange value of the Ageas shares at EUR 31.50. The equity component was amortised over a period of seven years, starting from 2002 and ending in 2009.

30.2 Ageas Hybrid Financing

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

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

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

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

30.3 Other subordinated liabilities

The EUR 69.9 million reported under other subordinated liabilities at year end 2010 (2009: EUR 29.1 million) includes an amount of EUR 29.1 million related to subordinated private loans, maturing in 2012 and a perpetual subordinated loan in the amount of EUR 40.8 million to Tesco Bank.

31 Borrowings

The table below shows the components of borrowings as at 31 December.

	31 December 2010	31 December 2009
Due to banks	1,898.5	2,483.3
Due to customers	91.5	95.1
Other borrowings	151.7	195.4
Total borrowings	**2,141.7**	**2,773.8**

31.1 Due to banks

The table below shows the components of Due to banks.

	31 December 2010	31 December 2009
Deposits from banks:		
Demand deposits	54.2	548.7
Other deposits	37.1	106.9
Total deposits	**91.3**	**655.6**
Repurchase agreements	1,262.8	1,654.4
Other	544.4	173.3
Total due to banks	**1,898.5**	**2,483.3**

Ageas has pledged certain assets (i.e. investments, property, plant and equipment and deposits with banks) with a carrying amount of EUR 1,492.5 million (2009: EUR 1,483.9 million) against Due to bank amounts.

Contractual terms of deposits held by banks

Deposits held by banks by year of contractual maturity as at 31 December are as follows:

	2010	2009
2010		569.9
2011	91.3	
2012		85.7
Total deposits	**91.3**	**655.6**

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31.2 Due to customers

The components of Due to customers are as follows:

	31 December 2010	31 December 2009
Deposits	0.6	0.7
Other borrowings	5.1	4.6
Funds held under reinsurance agreements	85.8	89.8
Total due to customers	**91.5**	**95.1**

31.3 Other borrowings

The table below shows the components of other borrowings as at 31 December.

	31 December 2010	31 December 2009
Finance lease obligations	30.0	29.3
Other	121.7	166.1
Total other borrowings	**151.7**	**195.4**

The Other item relates mainly to the financing of real estate investments.

Finance lease obligations

Ageas's obligations under finance lease agreements are detailed in the table below.

	Minimum lease payments		Present value minimum lease payments	
	2010	2009	2010	2009
Less than 3 months	0.9	0.7	0.3	0.4
3 months to 1 year	2.7	1.7	1.0	1.0
1 year to 5 years	10.6	9.6	6.4	5.4
More than 5 years	65.8	67.7	22.3	22.5
Total	**80.0**	**79.7**	**30.0**	**29.3**
Future finance charges	50.0	50.4		

Other

Other borrowings, excluding financial lease obligations, are classified by remaining maturity in the table below.

	2010	2009
Less than 3 months	6.5	19.0
3 months to 1 year	26.4	12.5
1 year to 5 years	76.6	82.0
More than 5 years	12.2	52.6
Total	**121.7**	**166.1**

32 Current and deferred tax assets and liabilities

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown below.

	Statement of financial position		Income statement	
	2010	*2009*	*2010*	*2009*
Deferred tax assets related to:				
Financial investments (available for sale)	131.1	0.4	13.5	(2.1)
Investment property	7.4	6.1	1.4	0.4
Property, plant and equipment	41.7	19.2	22.4	7.0
Intangible assets (excluding goodwill)	29.8	(0.1)	6.2	
Insurance policy and claim reserves	288.1	344.8	(2.5)	39.8
Provisions for pensions and post-retirement benefits	44.0	44.9	(0.3)	(12.2)
Other provisions	6.7	4.4	2.3	(46.1)
Accrued expenses and deferred income	4.3	1.4	2.9	0.7
Unused tax losses	174.6	260.9	(79.4)	121.5
Other	243.2	157.9	106.4	88.9
Gross deferred tax assets	**970.9**	**839.9**	**72.9**	**197.9**
Unrecognised deferred tax assets	(114.1)	(267.5)	17.7	(145.7)
Net deferred tax assets	**856.8**	**572.4**	**90.6**	**52.2**
Deferred tax liabilities related to:				
Derivatives held for trading (assets)	1.2	4.7	3.5	(18.3)
Financial investments (available for sale)	130.4	463.7	(25.0)	4.4
Investment property	113.6	110.3	(3.2)	(2.4)
Loans to customers	3.0	3.0	(0.1)	(0.4)
Property, plant and equipment	208.7	226.4	21.0	3.2
Intangible assets (excluding goodwill)	145.7	71.3	(48.3)	11.0
Other provisions	(0.8)	(0.4)	0.3	
Deferred policy acquisition costs	46.3	43.2	(6.0)	(5.7)
Deferred expense and accrued income	1.6	1.7	0.1	0.1
Tax exempt realised reserves	45.4	46.1	0.6	1.9
Other	378.8	573.9	315.8	(296.2)
Total deferred tax liabilities	**1,073.9**	**1,543.9**	**258.7**	**(302.4)**
Deferred tax income (expense)			**349.3**	**(250.2)**
Net deferred tax	**(217.1)**	**(971.5)**		

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

	2010	*2009*
Deferred tax asset	465.2	53.0
Deferred tax liability	682.3	1,024.5
Net deferred tax	**(217.1)**	**(971.5)**

At 31 December 2010, EUR 39.0 million was charged to equity related to deferred tax and EUR 24.9 million was credited to equity related to current tax (2009: EUR 378.2 million and EUR 24.9 million respectively, both charged to equity).

Deferred tax assets are recognised to the extent that it is probable that there will be sufficient future taxable profit against which the deferred tax asset can be utilised. No deferred tax assets have been recognised on unused tax losses and unused tax credits of an estimated EUR 8,229 million (2009: EUR 292 million). From these amounts some EUR 4,634 million can be carried forward indefinitely; an estimated EUR 3,595 million will expire in nine years. Most of the tax loss carry forward originates from the liquidation of Brussels Liquidation Holding (the former Fortis Brussels, the company that held the banking operations). Tax wise, the loss on the sale of the Fortis Bank only materialised at the moment of liquidation.

Deferred tax assets depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences amount to EUR 99 million (2009: EUR 23 million) and have been recognised based on the expectation that sufficient taxable income will be generated in future years to utilise these deferred tax assets.

33 RPN(I)

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

Mechanism

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

The reference amount is defined as:

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

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

State guarantee

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

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopted a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At the end of 2010 the total cost for RPN(I) amounted to EUR 465 million compared to EUR 316 million at the end of December 2009, or a negative impact on results of EUR 149 million. This amount can be broken down as (i) EUR 83 million reflecting the increase in the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) an additional liability of EUR 66 million related to the guarantee agreement between the Belgian State and Ageas. Ageas pays 70bps (annual rate) guarantee fee on the average reference amount of the RPN(I). Ageas decided to include the value of the future guarantee payments in the fair value of the RPN(I).

Reference values

On 31 December 2010 CASHES closed at 50.2% and the Ageas's share price closed at EUR 1.71. On 31 December 2010, 3-month EURIBOR stood at 1.0%. The total interest payment to Fortis Bank for the full year amounted to EUR 7.1 million. The total amount paid to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 5.0 million. The reference value amounts EUR 642 million.

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Assumptions

Ageas made the following key assumptions to determine the fair market value of the RPN(I) and of guarantee payments as per 31 December 2010:

- Ageas's share prices have been projected using the standard geometric Brownian motion model, assuming an initial share price of EUR 1.71, the closing price of 31 December 2010, an average dividend yield of 4.7% over the expected term of the instrument and consistent with a dividend yield derived from the dividend paid in 2010 based on the closing share price of 31 December 2010. The share price volatility used amounted to 46% and is based on the implied volatility of 3-months options observed at the end of December 2010;
- The price of CASHES has been projected based on forward spread curves applicable to CASHES with an additional stochastic perturbation, with a risk free interest rate model calibrated on the market, and with initial spread curves calibrated on the value of the CASHES of 50.2% at the end of December 2010. For modelling purposes, the CASHES have been assumed to have a constant maturity of 50 years at any point in the future, beyond which the contribution of discounted free cash flows becomes negligible;
- The current and future risk-free rates have been calibrated on market data as at 31 December 2010 and projected through a standard arbitrage-free interest rate model;
- The valuation model also accounts for the conversion option embedded in the CASHES at prices of EUR 23.94 (optional) and EUR 35.91 (automatic). The payment of extraordinary dividends corresponding to the value of the BNP Paribas option has a negligible impact on value and has been ignored;
- Projected future interest payments and the projected cost of the guarantee have been discounted along yield curves reflecting the risk associated with Ageas's liabilities such as RPN(I), based on a generic BBB-spread curve at the end of December 2010 and an additional spread of 290 bps, calibrated to reflect a rate that is relevant for perpetual senior Ageas liabilities.

Sensitivities

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

- An increase in the initial price of the Ageas's share to EUR 2.11 decreases the fair value by EUR 23 million to EUR 442 million; a decrease of the starting value to EUR 1.31, increases the fair value by EUR 22 million to EUR 487 million;
- An increase of the market value of the CASHES to 55% increases the fair value by EUR 90 million to EUR 555 million; a decrease to 45% reduces the value by EUR 77 million to EUR 388 million;
- An increase of the risk-free interest rates by 50 basis points along the yield curve increases the fair value by EUR 11 million to EUR 476 million; a decrease by 50 basis points reduces the value by EUR 12 million to EUR 453 million;
- A decrease in the discount rate of 100 basis points increases the fair value by EUR 64 million to EUR 529 million; an increase of 100 basis points reduces the fair value by EUR 52 million to EUR 413 million.

Assuming more favourable conditions for the four key parameters in the model (initial Ageas share price of EUR 2.11, CASHES at 45%, risk-free yield curve shifted downward by 50 basis points and discount rate 100 basis points higher), the fair value of the RPN(I) decreases to EUR 315 million.

Assuming less favourable conditions for the four key parameters in the model (initial Ageas share price of EUR 1.31, CASHES at 55%, risk-free yield curve shifted upward by 50 basis points and discount rate 100 basis points lower), the fair value of the RPN(I) would increases to EUR 659 million.

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

34 Accrued interest and other liabilities

The composition of Accrued interest and other liabilities as at 31 December is as follows:

	31 December 2010	31 December 2009
Deferred revenues	53.8	45.5
Accrued finance costs	110.3	187.9
Accrued other expenses	124.4	86.9
Derivatives held for hedging purposes	2.6	0.2
Defined benefit pension liabilities	289.3	282.9
Defined benefit liabilities other than pension	53.1	50.2
Termination benefits	26.2	31.9
Other long-term employee benefit liabilities	8.7	9.1
Short-term employee benefit liabilities	77.3	98.6
Accounts payable	184.0	185.0
Due to agents, policyholders and intermediaries	484.0	593.4
VAT and other taxes payable	113.8	91.0
Dividends payable	33.3	36.3
Due to reinsurers	38.1	32.4
Derivatives held for trading	34.5	24.5
Other liabilities	313.6	453.6
Total	**1,947.0**	**2,209.4**

Details of employee benefit liabilities can be found in Note 9.

Derivatives held for trading are valued based level 2. All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Ageas becomes a party to the contractual provisions of the instrument.

35 Provisions

Provisions consist of provisions for tax disputes and legal litigations. The provisions are based on best estimates available at year-end based on management judgement and in most cases the opinion of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigation/disputes.

Changes in provisions during the year are as follows:

	2010	2009
Balance as at 1 January	**34.2**	**71.4**
Acquisition and divestment of subsidiaries	3.0	2.5
Increase in provisions	2,381.6	7.3
Reversal of unused provisions	(3.0)	(49.2)
Utilised during the year	(8.6)	(0.3)
Accretion of interest		(0.2)
Foreign exchange differences	0.4	0.2
Other		2.5
Balance as at 31 December	**2,407.6**	**34.2**

In 2010, Ageas has set up a provision, amounting to EUR 2,362 million (see also note 47), for the disputes with the Dutch State. These disputes arise from the differences in interpretation of the terms and conditions of the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance from Ageas to the Dutch State in October 2008. The Dutch State is of the opinion that based on the term sheets underlying the sale, they are:

- the owner of the EUR 2 billion claim on ABN AMRO related to the conversion of the MCS (see also note 20);
- the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction (see also note 20);
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation (see note 52).

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

36 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value on the Ageas consolidated statement of financial position (liabilities are, except for some debt certificates (see note 29) held at amortised cost). A description of the methods used to determine the fair value of financial instruments is given below.

	2010		2009	
	Carrying value	*Fair value*	*Carrying value*	*Fair value*
Assets				
Cash and cash equivalents	3,258.3	3,253.6	5,635.7	5,621.2
Loans to banks	2,067.6	2,023.3	1,815.8	1,815.9
Loans to customers	2,460.6	2,575.9	2,316.5	2,477.5
Reinsurance and other receivables	3,828.5	3,838.9	1,263.7	1,295.6
Total financial assets	**11,615.0**	**11,691.7**	**11,031.7**	**11,210.2**
Liabilities				
Debt certificates	548.9	548.9	915.0	914.9
Subordinated liabilities	2,926.9	2,115.1	2,850.3	1,838.5
Loans from banks	1,898.5	1,907.9	2,483.3	2,483.3
Loans from customers	91.5	91.5	95.1	94.7
Other borrowings	151.7	152.2	195.4	189.3
Total financial liabilities	**5,617.5**	**4,815.6**	**6,539.1**	**5,520.7**

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction.

Ageas uses the following methods, in the order listed, when determining the fair value of financial instruments:
- quoted price in an active market;
- valuation techniques;
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date. If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Ageas applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider when setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles for estimating fair value are:

- maximise market inputs and minimise internal estimates and assumptions;
- change estimating techniques only if an improvement can be demonstrated or if a change is necessary because of changes in the availability of information.

The fair value presented is the ‘clean’ fair value, which is the total fair value or ‘dirty’ fair value less interest accruals. Interest accruals are reported separately.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and the information that is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included below.

Quoted market prices are used for financial instruments traded on a financial market with price quotations.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.

Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various publications and financial reporting services, and also individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value of derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment grade.

Factors that influence the valuation of an individual derivative include the counterparty’s credit rating and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered.

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows:

Instrument Type	Ageas Products	FV Calculation
Instruments with no stated maturity	Current accounts, saving accounts, etc.	Nominal value.
Instruments without optional features	Straight loans, deposits, etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average of new production during last 3 months.
Instruments with optional features	Mortgage loans and other instruments with option features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated liabilities and related receivables	Subordinated liabilities	Valuation is based on broker quotes in an in-active market (level 3).
Private equity	Private equity and non-quoted participations investments	In general based on the European Venture Capital Association's valuation guidelines, using enterprise value/EBITDA, price/cash flow and price/earnings, etc.
Preference shares (non-quoted)	Preference shares	If the share is characterised as a debt instrument, a discounted cash flow model is used.

Ageas pursues a policy aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions about the input data themselves.

The introduction of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time the model is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis for adjusting the fair value calculated by the valuation techniques and internal models.

Notes to the consolidated income statement

37 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums for the year ended 31 December.

	2010	*2009*
Gross inflow Life	8,970.9	9,364.4
Gross inflow Non-life	3,213.5	2,654.0
General and eliminations	(0.2)	(0.7)
Total gross inflow	**12,184.2**	**12,017.7**

	2010	*2009*
Net premiums Life	6,465.5	6,526.9
Net earned premiums Non-life	2,858.4	2,496.8
General and eliminations	(0.2)	(0.6)
Total net earned premiums	**9,323.7**	**9,023.1**

Life

The table below shows the details of Life premiums for the year ended 31 December.

	2010	*2009*
Unit-linked insurance contracts		
Single written premiums	8.0	10.8
Periodic written premiums	96.8	126.8
Group business total	*104.8*	*137.6*
Single written premiums	57.4	44.3
Periodic written premiums	40.9	41.0
Individual business total	*98.3*	*85.3*
Total unit-linked insurance contracts	**203.1**	**222.9**
Non unit-linked insurance contracts		
Single written premiums	320.9	350.0
Periodic written premiums	728.3	742.1
Group business total	*1,049.2*	*1,092.1*
Single written premiums	748.9	956.6
Periodic written premiums	782.5	757.6
Individual business total	*1,531.4*	*1,714.2*
Total non unit-linked insurance contracts	**2,580.6**	**2,806.3**
Investment contracts with DPF		
Single written premiums	3,312.6	3,172.6
Periodic written premiums	442.0	392.8
Total investment contracts with DPF	**3,754.6**	**3,565.4**
Gross premium income Life insurance	**6,538.3**	**6,594.6**
Single written premiums	2,220.6	2,552.7
Periodic written premiums	212.0	217.1
Premium inflow deposit accounting	**2,432.6**	**2,769.8**
Total gross inflow Life	**8,970.9**	**9,364.4**

Total premium inflow Life insurance is gross premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is – after deduction of fees – directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	2010	*2009*
Gross premium income Life	6,538.3	6,594.6
Change in unearned premiums, gross		0.1
Ceded reinsurance premiums	(72.8)	(67.8)
Net premiums Life	**6,465.5**	**6,526.9**

Non-life

The table below shows the details of Non-life insurance premiums for the year ended 31 December. Premiums for motor, fire and other damage to property and other are grouped in Property & Casualty.

	Accident & Health	*Property & casualty*	*Total*
2010			
Gross written premiums	760.7	2,452.8	3,213.5
Change in unearned premiums, gross	(17.5)	(164.4)	(181.9)
Gross earned premiums	**743.2**	**2,288.4**	**3,031.6**
Ceded reinsurance premiums	(27.9)	(145.6)	(173.5)
Reinsurers' share of unearned premiums	(1.4)	1.7	0.3
Net earned premiums Non-Life insurance	**713.9**	**2,144.5**	**2,858.4**
2009			
Gross written premiums	640.6	2,013.4	2,654.0
Change in unearned premiums, gross	(4.4)	(24.0)	(28.4)
Gross earned premiums	**636.2**	**1,989.4**	**2,625.6**
Ceded reinsurance premiums	(26.1)	(112.5)	(138.6)
Reinsurers' share of unearned premiums	(1.1)	10.9	9.8
Net earned premiums Non-Life insurance	**609.0**	**1,887.8**	**2,496.8**

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

	Accident & Health	*Property & casualty*	*Total*
2010			
Belgium	450.7	1,090.3	1,541.0
UK	58.2	890.2	948.4
Continental Europe	205.0	164.0	369.0
Net earned premiums Non-Life insurance	**713.9**	**2,144.5**	**2,858.4**
2009			
Belgium	423.9	1,045.0	1,468.9
UK	52.9	780.7	833.6
Continental Europe	132.2	62.1	194.3
Net earned premiums Non-Life insurance	**609.0**	**1,887.8**	**2,496.8**

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38 Interest, dividend and other investment income

The table below provides details of Interest, dividend and other investment income for the year ended 31 December.

	2010	2009
Interest income		
Interest income on cash equivalents	25.1	200.3
Interest income on loans to banks	96.2	97.9
Interest income on investments	2,178.7	2,124.2
Interest income on loans to customers	121.0	154.4
Interest income on derivatives held for trading	46.5	70.7
Other interest income	12.5	11.9
Total interest income	**2,480.0**	**2,659.4**
Dividend income from equity securities	57.9	37.3
Rental income from investment property	139.9	126.0
Revenues parking garage	261.3	242.0
Other investment income	66.2	58.7
Total interest, dividend and other investment income	**3,005.3**	**3,123.4**

The decrease of Interest income on cash equivalents is mainly due to the ending of the finance structure agreement with Fortis Bank in 2009.

39 Realised and unrealised gains and losses

Realised and unrealised gains and losses for the year ended 31 December are broken down as follows:

	2010	2009
Debt securities classified as available for sale	(40.3)	35.6
Equity securities classified as available for sale	42.2	(20.7)
Derivatives held for trading	(56.2)	90.6
Investment property	38.7	0.1
Capital gain on sale of shares of subsidiaries	20.7	696.8
Investments in associates	(5.4)	17.7
Property, plant and equipment	7.6	0.4
Assets and liabilities held at fair value through profit or loss	21.4	100.3
Other	59.1	31.8
Total realised and unrealised gains and losses	**87.8**	**952.6**

In the context of ongoing uncertainties in the financial markets in 2010, Ageas has reduced the concentration on Southern European government bonds in its investment portfolio during the year, as well as rebalanced the portfolio in other asset classes. The rebalancing of the portfolio resulted in capital gains and losses within the debt securities classified as available for sale, equity securities classified as available for sale, as well as in derivatives held for trading.

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

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

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

The line Other relates in 2010 to the sale of a financial lease contract (Eurosquare).

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40 Investment income related to unit-linked contracts

The income related to unit-linked contracts is composed of:

	2010	2009
(Un)realised gains (losses) - insurance contracts	116.1	248.6
(Un)realised gains (losses) - investment contracts	345.4	1,393.2
(Un)realised gains (losses)	461.5	1,641.8
Investment income - insurance contracts	6.8	8.1
Investment income - investment contracts	319.7	657.2
Realised investment income	326.5	665.3
Total investment income related to unit-linked contracts	**788.0**	**2,307.1**

41 Share of result of associates

Share of result of associates for the year ended 31 December is specified in the table below, for the main associates.

	Total income (100% interest)	Total expenses (100% interest)	Net income (100% interest)	% Ageas interest	Share of result of associates (Ageas share)
2010					
Mayban Fortis Holdings	1,416.8	(1,334.7)	82.1	30.95%	25.4
Muang Thai Group Holding	883.3	(819.5)	63.8	31% - 12%	18.1
Tai Ping Holdings	4,129.5	(4,080.4)	49.1	24.90%	14.5
Royal Park Investments	1,030.0	(736.2)	293.8	44.71%	131.3
IDBI federal Life Insurance	154.4	(171.0)	(16.6)	26.00%	(4.3)
Other					1.3
Total share of result of associates					**186.3**
2009					
Mayban Fortis Holdings	759.3	(574.5)	184.8	30.95%	57.2
Muang Thai Group Holding	615.3	(545.7)	69.6	31% - 12%	11.9
Tai Ping Holdings	2,909.6	(2,839.7)	69.9	24.90%	20.6
Royal Park Investments	912.0	(912.0)		44.71%	
IDBI federal Life Insurance	85.5	(99.1)	(13.6)	26.00%	(3.5)
Other					(4.9)
Total share of result of associates					**81.3**

The result of Mayban Fortis Holding includes in 2009 a one-time gain from the reassement of the life liabilities to a risk based capital approach.

The comparative figures for the Share of associates for Tai Ping Holdings have been changed for comparison purposes. The change relates to the revaluation of Insurance liabilities and amounts to EUR 18 million positive.

42 Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2010	2009
Fee and commission income		
Reinsurance commissions	58.6	51.6
Insurance and investment fees	208.0	188.8
Asset management	36.0	33.5
Guarantees and commitment fees	0.3	
Other service fees	125.1	101.3
Total fee and commission income	**428.0**	**375.2**

The line Other service fees mainly relates to fees received from brokerage companies for the sale of insurance policies.

43 Other income

Other income includes the following elements for the year ended 31 December.

	2010	2009
Other income		
Proceeds of sale of buildings held for sale	37.4	144.8
Other	210.6	177.5
Total other income	**248.0**	**322.3**

44 Insurance claims and benefits

The details of insurance claims and benefits for the year ended 31 December are shown in the table below.

	2010	2009
Life insurance	7,476.1	7,457.1
Non-life insurance	2,128.8	1,766.9
General account and eliminations	(1.7)	1.5
Total insurance claims and benefits, net	**9,603.2**	**9,225.5**

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

	2010	2009
Benefits and surrenders, gross	3,885.8	3,906.5
Change in liabilities arising from insurance and investment contracts, gross	3,620.6	3,578.4
Total Life insurance claims and benefits, gross	**7,506.4**	**7,484.9**
Reinsurers' share of claims and benefits	(30.3)	(27.8)
Total Life insurance claims and benefits, net	**7,476.1**	**7,457.1**

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

	2010	2009
Claims paid, gross	1,945.1	1,662.3
Change in liabilities arising from insurance contracts, gross	315.6	137.1
Total Non-life insurance claims and benefits, gross	**2,260.7**	**1,799.4**
Reinsurers' share of change in liabilities	(68.1)	1.6
Reinsurers' share of claims paid	(63.7)	(34.1)
Total Non-life insurance claims and benefits, net	**2,128.8**	**1,766.9**

45 Finance costs

The following table shows the breakdown of finance costs by product for the year ended 31 December.

	2010	2009
Finance costs		
Debt certificates	45.7	70.6
Subordinated liabilities	155.6	180.0
Borrowings - due to banks	30.6	156.7
Borrowings - due to customers	7.6	0.3
Other borrowings	13.2	7.2
Derivatives	10.6	52.1
Other liabilities	35.1	30.9
Total finance costs	**298.4**	**497.8**

The decrease of Finance costs for Borrowings – due to banks is mainly due to the ending of the finance structure agreement with Fortis Bank in 2009. The decrease in Finance costs for subordinated liabilities relates to the fact that the amortisation of the equity component of the FRESH matured in 2009 (the equity component amounted to EUR 265 million and was amortised in seven years).

46 Change in impairments

The Change in impairments for the year ended 31 December is as follows:

	2010	2009
Change in impairments of:		
Investments in debt securities	(4.5)	9.5
Investments in equity securities and other	32.7	81.3
Investment property	2.2	11.1
Loans to customers	(0.6)	(0.3)
Reinsurance and other receivables	4.3	355.4
Property, plant and equipment	0.5	5.8
Goodwill and other intangible assets	(0.7)	2.9
Accrued interest and other assets		1.7
Total change in impairments	**33.9**	**467.4**

The change in impairments in 2009 relating to Reinsurance and other receivables does mainly relate to the impairment on FCC (EUR 362 million).This impairment was reversed in 2010 (see note 20 and note 47).

47 Impact MCS conversion and disputes Dutch State

Related to the mandatory conversion of MCS (Mandatory Convertible Securities, see also note 4), Ageas recognised a liability towards the MCS holders. This liability was measured at fair value, the contractually foreseen number of shares issued (106,723,586) multiplied by Ageas's opening share price of EUR 1.90 at conversion date, i.e. 7 December 2010, totalling EUR 202.8 million. The liability was recorded through a charge to the income statement for the same amount. On 7 December 2010, ageas N.V. issued 106,723,569 Ageas shares, against the contribution of this liability.

Together with the issuance of the shares, a claim of Ageas on ABN AMRO Bank N.V. has been recognised through the income statement for an amount of EUR 2 billion, based on the original agreement between all issuing parties of the MCS (see also note 20).

In addition to this claim, Ageas recorded in 2009 a claim for full compensation for the payment (EUR 362 million) made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO Bank N.V.) to allow it to pay the above amount to the holders of preference shares. In 2009, this claim was impaired based on the fact that ABN AMRO contested the claim. Based on the negotiations with the Dutch State, Ageas decided to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State (see also note 20 and note 35).

The disputes with the Dutch State arose because the Dutch State is of the opinion that based on the term sheets underlying the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance from Ageas to the Dutch State in October 2008, they are:

- the owner of the EUR 2 billion claim on ABN AMRO related to the conversion of the MCS (see also note 20);
- the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction (see also note 20);
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation (see also note 52).

Awaiting further evolutions in the legal disputes with the Dutch State, a provision has been recorded for an amount of EUR 2,362 million. As communicated by the Dutch State and Ageas, both parties aspire to reach an amicable settlement. In this settlement the dispute over the ownership of claims on ABN AMRO related to the FCC transaction and the MCS transaction as well the capital guarantee will be resolved. Ageas believes that the provision of EUR 2,362 million is sufficient to cover the outflow of benefits related to the potential settlement (see also note 35).

	2010
Liability related to MCS conversion	202.8
Claim on ABN AMRO	(2,000.0)
Reversal of impairment FCC claim	(362.5)
Provision for legal disputes with Dutch State	2,362.5
Total impact MCS conversion and Dutch State issues	**202.8**

48 Fee and commission expenses

The components of fee and commission expenses for the year ended 31 December are as follows:

	2010	2009
Fee and commission expenses		
Securities	2.1	0.8
Intermediaries	980.6	902.8
Asset management fees	20.3	19.4
Payment services	0.1	0.1
Custodian fees	7.5	7.2
Other fee and commission expenses	41.8	41.7
Total fee and commission expenses	**1,052.4**	**972.0**

The increase in Fee and commission expenses (especially in Intermediaries) relates mainly to the fact that UBI Assicurazioni was consolidated for the full year in 2010 after the acquisition at year-end 2009.

49 Staff expenses

Staff expenses for the year ended 31 December are as follows:

	2010	2009
Staff expenses		
Salaries and wages	500.0	456.2
Social security charges	110.7	109.8
Pension expenses relating to defined benefit plans	20.8	9.0
Defined contribution plan expenses	18.9	18.3
Share based compensation	4.3	8.4
Other	39.4	38.7
Total staff expenses	**694.1**	**640.4**

Other includes the cost of termination benefits and restructuring costs and non-monetary benefits such as medical costs.

Note 9 Post-employment benefits, other long-term employees benefits and termination benefits contains further details of post-employment benefits and other long-term employee benefits, including pension costs related to defined benefit plans and defined contribution plans.

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50 Other expenses

Other expenses for the year ended 31 December are as follows:

	2010	2009
Depreciation on tangible assets		
Buildings held for own use	34.1	40.0
Leasehold improvements	5.2	3.6
Investment property	49.6	44.1
Equipment	23.3	20.2
Amortisation of intangible assets		
Purchased software	4.3	2.6
Internally developed software	9.6	11.0
Value of business acquired (VOBA)	43.6	55.1
Other intangible assets	21.6	9.6
Other		
Operating lease rental expenses and related expenses	38.8	49.6
Operating and other direct expenses relating to investment property	48.8	39.6
Professional fees	92.8	78.6
Capitalised deferred acquisition costs	(448.7)	(462.9)
Depreciation deferred acquisition costs	376.5	420.2
Marketing and public relations costs	62.8	47.3
Information technology costs	111.8	99.7
Other investment charges	152.8	143.1
Maintenance and repair expenses	10.9	9.5
Cost of sale of buildings held for sale	24.8	119.7
Other	204.3	284.7
Total other expenses	**866.9**	**1,015.3**

Other includes expenses for travel, post, telephone, temporary staff and training.

51 Income tax expenses

The components of income tax expenses for the year ended 31 December are:

	2010	2009
Current tax expenses for the current period	127.8	175.8
Adjustments recognised in the period for current tax of prior periods	1.3	(108.2)
Previously unrecognised tax losses, tax credits and		
temporary differences increasing (reducing) current tax expenses	(2.5)	
Total current tax expenses	**126.6**	**67.6**
Deferred tax arising from the current period	(374.6)	107.2
Impact of changes in tax rates on deferred taxes	7.6	0.1
Deferred tax arising from the write-down or reversa of a write-down of a deferred tax asset	17.7	145.7
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense		(2.7)
Total deferred tax expenses (income)	**(349.3)**	**250.3**
Tax expense (income) relating to changes in accounting policies and errors included in profit and loss		(0.1)
Total income tax expenses (income)	**(222.6)**	**317.8**

Below is a reconciliation of expected and actual income tax expense. The expected income tax expense was determined by multiplying the profit before taxation to the weighted average statutory income tax rates in Belgium and the Netherlands.

	2010	2009
Profit before taxation	141.2	1,648.0
Applicable tax rate	29.7%	29.7%
Expected income tax expense	42.0	490.2
Increase (decrease) in taxes resulting from:		
Tax exempt income including capital losses	10.0	(203.6)
Share in result of associates	(54.7)	(26.3)
Disallowed expenses	14.6	17.8
Previously unrecognised tax losses and temporary differences	(355.6)	(3.2)
Write-down and reversal of write-down of deferred tax assets,		
including non-compensable tax-losses of the year	202.2	142.5
Impact of changes in tax rates on temporary differences	7.6	0.1
Foreign tax rate differential	(39.2)	46.6
Adjustments for tax payable in respect of previous years	1.3	(108.2)
Notional interest deduction	(32.4)	(39.4)
Other	(18.4)	1.3
Actual income tax expenses (income)	**(222.6)**	**317.8**

Notes to items not recorded on the Consolidated statement of financial position

52 Contingent liabilities

52.1 Contingent liabilities related to legal proceedings

Like any other financial institution, Ageas is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business, which since the divestment of its banking activities in October 2008 is limited to insurance activities.

In addition, as a result of the events and developments occurred in respect of the former Fortis group between May 2007 and October 2008 (a.o. capital increase and acquisition of parts of ABN AMRO in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities for Ageas.

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

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

On 16 June 2010, the expert report commissioned by the Ondernemingskamer in Amsterdam was filed for public inspection. A copy of the report can be downloaded from the Ageas website. Among other things the experts are critical of the way in which Fortis informed its investors over time and conclude that the information provided by Fortis to investors in a number of areas was incorrect or at least incomplete. In particular, they refer to : (i) the information on the position and exposure of Fortis in relation to the subprime situation in the trading update of 21 September 2007 and in the prospectus for the rights issue (which incorporated the trading update) effectuated on 9 October 2007 (although the experts acknowledge that information has not been manipulated or willingly misrepresented); (ii) information on the sale of certain parts of ABN AMRO as required by the EC competition authorities and solvency position of Fortis, in the period as of 21 May 2008 until 26 June 2008; (iii) the communication of certain facts to investors in the subsequent period and more specifically on 26 September 2008. On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer (i) to start legal proceedings aimed at establishing that certain facts mentioned in the expert report should be deemed ‘mismanagement’ (‘wanbeleid’) by Fortis and (ii) to annul the discharge granted to Fortis directors on 29 April 2008. The findings of the Dutch experts have led and may still lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages.

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

On 19 August 2010, the AFM levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 each for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing. The administrative appeal was rejected by the AFM on 9 February 2011 and Ageas will appeal this decision of the AFM before the District Court in Rotterdam. As indicated before, this may lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages. Although, if successful, such actions may ultimately have a severe material impact on Ageas, it is not possible at this point to assess whether and how many such actions might be started or to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

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

- Various proceedings have been initiated by individual shareholders and shareholder organisations in Belgium and the Netherlands (in)directly aiming at (i) the annulment of decisions taken by the Fortis Board in September/October 2008 or alternative compensatory damages and/or (ii) the payment of monetary damages based on alleged miscommunication and/or market abuse committed by Fortis over the period between May 2007 and October 2008. Such proceedings include:

  a) proceedings initiated before the Brussels Commercial Court:
     - by a number of individuals represented by Mr. Modrikamen demanding the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages; the request for provisional measures against Ageas was dismissed on 8 December 2009;
     - by a number of individuals gathered around Deminor International, demanding damages because of alleged lack of or misleading information by Fortis in the period May 2007 until October 2008; these proceedings are pending;

  b) proceedings initiated before the Amsterdam District Court:
     - by VEB and Deminor demanding to condemn the Dutch State to pay damages due to its alleged wrongful behaviour in the context of the nationalisation of the Dutch activities, or alternatively, to oblige Ageas to take legal action vis-à-vis the Dutch State;
     - by the Stichting FortisEffect and a number of individuals represented by Mr. De Gier demanding to invalidate the decisions taken by the board of directors in October 2008 and unwind the transactions, or alternatively, to pay damages;

- by VEB demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis and certain of its former directors and top executives; that each of these breaches is an unlawful act of all or certain defendants and that these defendants are consequently liable for damages suffered by those who bought shares in the relevant period; This includes a claim (vis-à-vis Fortis, certain of its former directors and top executives and the financial institutions acting as global coordinators and lead managers in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete;

c) proceedings initiated before the Utrecht District Court:
   - by a number of individuals represented by Mr. Bos demanding damages due to alleged miscommunication, which are also still pending. In this context, some former directors and top executives of Fortis have requested the court to acknowledge the alleged obligation of Ageas, under termination agreements entered into in 2008 and/or rules of Dutch civil law, to hold such persons harmless against damages resulting from or relating to the legal proceedings initiated against them and which would originate from their functions within the Fortis group. Ageas is contesting the validity of the mentioned statutory and contractual hold harmless commitments.

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

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

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

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

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

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

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

Without prejudice to any specific comments made above, given the various stages and continuously evolving nature as well as inherent uncertainties and complexity of the current proceedings and investigations, management is not in a position to determine whether any claims or actions brought against Ageas in connection with these proceedings and investigations are without merit or can be successfully defended or whether the outcome of these actions or claims may or may not result in a significant loss in the Ageas Consolidated Financial Statements. Therefore, no provisions have been set apart, other than a provision of EUR 2.4 billion in relation to the disputes with the Dutch State, as mentioned in Note 35.

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

Threatened litigation

On 23 December 2010, the Dutch State has expressed in writing two claims against Ageas for an amount of EUR 675 million and EUR 210 million respectively. The Dutch State bases these alleged claims on the application of certain provisions agreed by Fortis Insurance N.V., Fortis Insurance International N.V. and FBN(H) Preferred Investments B.V. in the context of the sale of the Dutch banking and insurance activities on 3 October 2008. Ageas will contest, in court if need be, the merits of these claims.

On 10 January 2011, a Stichting under Dutch law, called 'Investor Claims Against Fortis' issued a press release announcing a writ of summons against Ageas to be filed with the Utrecht District Court alleging miscommunication by Fortis on various occasions in the period 2007-2008. This includes a claim (vis-à-vis Fortis and one of the financial institutions acting as global coordinator in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete. As said above Ageas denies any wrongdoing and will challenge any allegations thereof in court. However, if successful this may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such action would succeed, nor to quantify the damages which may have to be paid if that would be the case.

52.2 Contingent liabilities for hybrid instruments of former subsidiaries

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

1. CASHES

CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) is a EUR 3 billion instrument issued by Fortis Bank nv-sa, with ageas SA/NV and ageas N.V. acting as co-obligors. According to the terms and conditions of this instrument it will only be reimbursed by Fortis Bank by means of an exchange against already issued Ageas shares, owned by Fortis Bank (the reported number of outstanding Ageas shares as at 31 December 2010 already includes the 125,313,283 Ageas shares issued for the purpose of such exchange). Pending the exchange of the CASHES against Ageas shares, these Ageas shares do not have any dividend rights or voting rights.

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

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

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV and ageas N.V. in accordance with the so called Alternative Coupon Settlement Method (ACSM), while Fortis Bank would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons so paid by ageas SA/NV and ageas N.V. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV and ageas N.V. to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

2. Fortis Bank Tier 1 debt securities 2001

Fortis Bank SA/NV issued EUR 1,000 million of redeemable perpetual cumulative coupon debt securities in 2001, which benefit from a support agreement entered into by the former Fortis parent companies now ageas SA/NV and ageas N.V., at an interest rate of 6.50% until 26 September 2011 and 3 month Euribor + 2.37% thereafter.

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

The support agreement also gives holders the option, in the event that Fortis Bank does not call the instrument in 2011, to ask ageas SA/NV and ageas N.V. to exchange the instrument against newly issued Ageas shares. In the absence of a sufficient approved authorised capital, ageas SA/NV and ageas N.V. will have to exchange the principal amount of the securities for cash instead, subject to regulatory approval. If the regulator declines to give its approval, the instrument will remain outstanding.

3. Fortis Bank Tier 1 debt securities 2004

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

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

4. FRESH litigation

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

53 Lease agreements

Ageas has entered into lease agreements to provide for office space, office equipment, vehicles and parking facilities. The following table reflects future commitments to non-cancellable operating leases as at 31 December.

	2010	2009
Less than 3 months	13.9	6.9
3 months to 1 year	38.9	23.6
1 year to 5 years	157.3	65.2
More than 5 years	256.1	57.9
Total	**466.2**	**153.6**
Annual rental expense:		
Lease payments	22.8	19.3

The change in lease agreements in 2010 can mainly be explained by taking into account the parking lease agreements with a fixed amount.

54 Assets under management

Assets under management include investments for own account, unit-linked investments on behalf of insurance policyholders and funds held for third parties. Funds under management include investments that are managed on behalf of clients, either private or institutional, and on which Ageas earns a management or advisory fee.

The following table provides a breakdown of assets under management by investment type and origin.

	31 December 2010	31 December 2009
Investments for own account:		
- Debt securities	53,826.1	51,355.8
- Equity securities	2,336.8	1,554.5
- Real estate	1,900.3	1,652.7
- Other	1,746.0	1,413.1
Total investments for own account	**59,809.2**	**55,976.1**
Investments related to unit-linked contracts	**21,747.3**	**20,694.8**
Funds held for third parties:		
- Debt securities	3,212.5	3,770.3
- Equity securities	3,016.5	2,789.3
- Real estate	1,945.5	1,929.9
Total funds held for third parties	**8,174.5**	**8,489.5**
Total assets under management	**89,731.0**	**85,160.4**

Changes in funds held for third parties are shown below.

	2010	2009
Balance as at 1 January	**8,489.5**	**8,090.1**
In-/outflow	(56.5)	(229.3)
Market gains/losses	(244.1)	628.7
Other	(14.4)	
Balance as at 31 December	**8,174.5**	**8,489.5**

55 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment or disclosure in the Ageas Consolidated Financial Statements as at 31 December 2010.

On 10 January 2011, a Stichting under Dutch law, called ‘Investor Claims Against Fortis’ issued a press release announcing a writ of summons against Ageas to be filed with the Utrecht District Court alleging miscommunication by Fortis on various occasions in the period 2007-2008. Ageas denies any wrongdoing and will challenge any allegations in court.

On 19 January 2011, legal proceedings before the Amsterdam District Court were initiated by the Vereniging van Effectenbezitters (VEB) demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis, certain of its former directors and top executives and certain financial institutions acting as global coordinators and lead managers in connection with the 2007 rights issue. Ageas denies any wrongdoing and will challenge any allegations thereof.

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

Ageas announced on 18 February 2011 that it has signed an agreement with Hacı Ömer Sabancı Holding A.Ş. (‘Sabanci’), Turkey’s leading industrial and financial conglomerate, to acquire a 31% stake in Aksigorta A.Ş. (‘Aksigorta’) through the sale by Sabanci of half its stake in the company. Following the transaction, Sabanci and Ageas will have equal shareholdings in Aksigorta. The remaining shares (38%) will continue to be traded on the Istanbul Stock Exchange. As part of the transaction, Ageas will pay Sabanci a total consideration of USD 220 million (EUR 162 million) in cash upon completion.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated Financial Statements as at 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the European Transparency Directive (2004/109/EC) and the Report of the Board of Directors in accordance with the legal and regulatory requirements applicable in Belgium and with Part 9 of Book 2 of the Netherlands Civil Code

The Board of Directors reviewed the Ageas Consolidated Financial Statements and the Report of the Board of Directors on 8 March 2011 and authorised their issue.

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of Ageas also declares that the Report of the Board of Directors gives a fair overview of the development and performance of the businesses of the Group.

The Ageas Annual Report consisting of the Consolidated Financial Statements and Report of the Board of Directors will be submitted to the Annual General Meetings of Shareholders for approval on 27 April and 28 April 2011.

Brussels/Utrecht, 8 March 2011

Board of Directors

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

Independent auditor's report

To the General Meetings of Shareholders of ageas SA/NV and ageas N.V.

Report on the Consolidated Financial Statements

We have audited the Consolidated Financial Statements, which include the financial statements of ageas SA/NV and ageas N.V. and their respective subsidiaries ('Ageas'), as set out on pages 41 to 210 of the Ageas Financial Statements 2010, which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and with Part 9 of Book 2 of the Dutch Civil Code and for such internal control as management determines is necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the Consolidated Financial Statements give a true and fair view of the consolidated financial position of Ageas as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the legal and regulatory requirements applicable in Belgium and with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of Matter

We draw attention to note 52 to the Consolidated Financial Statements as at 31 December 2010 in which is described that Ageas is involved in a number of legal proceedings as well as administrative and criminal investigations in connection with certain events and developments having occurred between May 2007 and October 2008, some of which could result in financial liabilities for the company. However, the ultimate outcome of these matters cannot presently be determined Our opinion is not qualified in respect of this matter.

Report on Other Dutch Legal and Regulatory Requirements

The Board of Directors of ageas N.V. is responsible for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the Consolidated Financial Statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Report on Other Belgian Legal and Regulatory Requirements

The Board of Directors of ageas SA / NV is responsible for the preparation and content of the management report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Companies' Code. Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the Consolidated Financial Statements: The management report, which consists of the Report of the Board of Directors of Ageas, deals with the information required by the law, and is consistent with the Consolidated Financial Statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment. In addition we do not express an opinion whether internal controls operated effectively during the financial year ended December 31, 2010.

Amstelveen, 8 March 2011

KPMG ACCOUNTANTS N.V.
Represented by
S.J. Kroon RA

Brussels, 8 March 2011

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren
Represented by
M. Lange

ageas SA/NV
Company Financial Statements 2010

ageas SA/NV

Rue du Marquis 1

1000 Brussels, Belgium

ageas

General information

1. Foreword

Most of the ‘General information’ is included in the Report of the Board of Directors of ageas SA/NV and ageas N.V. This section of general information contains solely information on ageas SA/NV that has not been provided elsewhere.

2. Identification

The company is a public limited company bearing the name ‘ageas SA/NV’. Its registered office is at Rue du Marquis 1, 1000 Brussels. This office may be transferred to anywhere else in Belgium by resolution of the Board of Directors. The company is registered in the Brussels register of legal entities under no. 0451.406.524.

3. Incorporation and publication

The company was incorporated on 6th November 1993 under the name of ‘Fortis Capital Holding’.

4. Places where the public can verify company documents

The Articles of Association of ageas SA/NV can be verified at the Registry of the Commercial Court at Brussels and at the company’s registered office.

Decisions on the appointment and withdrawal of Board members of the companies are published, amongst others in the annexes to the Belgian Law Gazette. Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The financial statements of the company are available at the registered office and are also filed with the National Bank of Belgium. They are sent each year to registered shareholders and to others on request.

5. Amounts

All amounts stated in tables of these financial statements are denominated in millions of euros, unless otherwise indicated.

Statement of financial position before profit appropriation

	31 December 2010	31 December 2009
Assets		
Fixed assets	3,956	4,092
Incorporation expenses		
Intangible fixed assets		
Tangible fixed assets	1	
Financial fixed assets	**3,955**	**4,092**
Affiliated companies	3,195	4,092
- Participating interests	3,121	4,092
- Claims	74	
Enterprises linked by participating interests	760	
- Participating interests	760	
Current assets	2,460	82
Amounts receivable after more than one year		
Stocks and contracts in progress		
Amounts receivable within one year	**1,185**	**43**
- Trade accounts receivable	3	2
- Other amounts receivable	1,182	41
Short-term investments	**1,199**	**13**
- Own shares		13
- Other short-term investments	1,199	
Liquid assets	**67**	**26**
Prepayments and accrued income	**9**	
Total assets	**6,416**	**4,174**

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	31 December 2010	31 December 2009
Liabilities		
Shareholders' equity	3,482	3,765
Capital	**1,102**	**1,057**
- Subscribed capital	1,102	1,057
Share Premium Reserve	**955**	
Capital gains due to revaluations		
Reserves	**2,901**	**2,901**
- Legal reserve		
- Reserves not available for distribution		569
- For own shares		13
- Other		556
- Tax-free reserves		
- Reserves available for distribution	2,901	2,332
Profit carried forward	**(1,476)**	**(193)**
Provisions and deferred taxes	1,181	
Provisions for risks and charges	**1,181**	
- Pensions and similar commitments		
- Taxes		
- Major renovation and maintenance projects		
- Other risks and charges	1,181	
Deferred taxes		
Amounts payable	1,753	409
Amounts payable after more than one year	**465**	
- Other borrowings		
- Other debts	465	
Amounts payable within one year	**1,281**	**409**
- Current portion of amounts payable after more than one year	474	
- Financial debts	763	226
- Commercial debts	11	2
- Suppliers	11	2
Advance payments received on account of contracts in progress		
Amounts payable in respect of taxes, remuneration and social charges		
- Taxes		
- Remuneration and social charges	1	
Other amounts payable	32	181
Accruals and deferred income	**7**	
Total liabilities	**6,416**	**4,174**

Income statement

	2010	2009
Operating income	6	1
Turnover :		
- Increase (+) or decrease (-) in stocks of work and contracts in progress and of finished goods		
- Own construction capitalised		
- Other operating income	6	1
Operating expenses	1,044	194
- Goods for resale, raw and ancillary materials		
- Purchases		
- Increase (-), decrease (+) in stocks		
- Services and miscellaneous goods	37	13
- Remuneration, social charges and pensions	6	
- Depreciation and amounts written down on formation expenses and intangible and tangible fixed assets		
- Increase (+), decrease (-) in amounts written down on stocks, contracts in progress and trade accounts receivable	(181)	
- Increase (+), decrease (-) in provisions for risks and charges	1,181	
- Other operating expenses	1	181
- Operating expenses capitalised as restructuring costs		
Operating loss	(1,038)	(193)
Financial income	**1,862**	
- Income from financial fixed assets	1,742	
- Income from current assets	12	
- Other financial income	108	
Financial charges	**201**	
- Interest in respect of amounts payable	64	
- Increase (+), decrease (-) in amounts written down on current assets other than stocks, contracts in progress and trade	12	
- Other financial charges	125	
Profit on ordinary activities, before taxes	623	(193)

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	2010	2009
Extraordinary income		
Extraordinary charges	1,910	
Profit for the financial year before taxes	(1,287)	(193)
Tax on profits	4	
Taxes		
Adjustment of taxes and write-back of tax provisions	4	
Profit for the financial year	(1,283)	(193)
Transfer from tax-exempt reserves		
Transfer to tax-exempt reserves		
Profit for the financial year available for appropriation	**(1,283)**	**(193)**
Appropriation of profit		
Profit to be appropriated	(1,476)	(22,699)
Profit for the financial year available for appropriation	(1,283)	(193)
Profit carried forward from the previous financial year	(193)	(22,506)
Transfers from shareholders' equity		25,126
From the capital and share premium reserves		18,964
From the reserves		6,162
Transfer to shareholders' equity		2,476
To the capital and share premium reserve		
To the legal reserve		
To the other reserves		2,476
Result to be carried forward		(193)
Shareholders' contribution in respect of losses		
Profit to be distributed		144
Dividends		144
Directors' entitlements		
Other allocations		

Notes

	2010	2009
Statement of fixed assets		
Net book value as at the end of the preceding financial year	0	
Change during the financial year		
- New expenses incurred	2	
- Depreciation		
- Other		
Net book value as at the end of the financial year, comprising:		
- Furniture	1	
- Other fixed assets	1	

	2010	2009
Status of financial fixed assets		
Affiliated companies - Participating interests, equity securities		
Acquisition value as at the end of the preceding financial year	**29,255**	**29,255**
Changes during the financial year:		
- Acquisitions	1,344	
- Disposals and asset retirements	27,478	
Acquisition value as at the end of the financial year	**3,121**	**4,092**
Capital gains		
Depreciation and amounts written off as at the end of the preceding financial year	**25,163**	**25,163**
Changes during the financial year:		
- Booked	1,909	
- Disposals and asset retirements	27,072	
Depreciations as at the end of the financial year		**4,092**
Uncalled amounts		
Net book value at the end of the financial year	**3,121**	**4,092**
Receivables from related parties		
Net book value at the end of the preceding financial year	**74**	**43**
Change during the financial year		
Receivables at the end of the financial year	**74**	
Accumulated amounts written off		
Enterprises linked by participating interests		
Acquisition value as at the end of the preceding financial year		
Changes during the financial year:		
- Acquisitions	**760**	
- Disposals and asset retirements		
Acquisition value as at the end of the financial year	**760**	
Capital gains		
Depreciation and amounts written off as at the end of the preceding financial year		
Changes during the financial year:		
- Booked		
- Disposals and asset retirements		
Depreciations as at the end of the financial year		
Uncalled amounts		
Net book value at the end of the financial year	**760**	

Participating interests and entitlements in other companies

The following list comprises the companies in which ageas SA/NV holds a participating interest, as well as the other companies in which ageas SA/NV holds entitlements representing at least 10% of the capital issued.

Name, full address of the REGISTERED OFFICE
In case of a company governed
By Belgian law, the V.A.T. or NATIONAL NUMBER

	Entitlements held by			*Information derived from the latest available financial statements*			
	The company (directly)		subsidiaries	Financial statements as at	Currency Code	Shareholders equity	Net Result
	Number	%	%			(+) or (-) (in millions of monetary units)	
Ageas Insurance International N.V. Archimedeslaan 6 3584 BA Utrecht – THE NETHERLANDS				31/12/2009	EUR	2,555	99
Ordinary shares		50.00					
Ageas Hybrid Financing SA Boulevard Grande Duchesse Charlotte 6 1331 Luxemburg – G.D. LUXEMBOURG				31/12/2009	EUR	1	
Ordinary shares		100.00					
Royal Park Investments SA Van Orleyestraat 15 100 Brussels - BELGIUM *BE 0807.882.811*				31/12/2009	EUR	1,814	114
Ordinary shares		44.70					
Ageasinvestlux SA Val Saint Croix 1371 Luxemburg – G.D. LUXEMBOURG				31/12/2009	EUR	282	
Ordinary shares		100.00					

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	2010	2009
Specification of investments	**1,199**	
Deposits – credit institutions	**1,199**	
- maturity: more then 1 month and maximum 1 year	1,199	
Transitory accounts		
- invoices to create	2	
- Interests to receive	7	

	2010	2009
Specification of equity and structure of the shareholder group		
Equity		
Subscribed capital		
- At previous year end		1,056
- At year end	1,102	
	Amounts	*Number of shares*
Changes during the financial year		
- Capital increase	45	106,723,569
- Write down		
Capital represented by		
Types of shares		
- Ordinary shares	1,102	2,623,380,817
- Registered shares	xxxxxxxxxx	154,161,705
- Bearer shares	xxxxxxxxxx	2,469,219,112
Unpaid capital		
Own shares held by:		
- The company itself		
- Amounts		
- Number of shares		38,910
- Its subsidiaries		
- Amounts		69.3
- Number of shares		40,508,465
Commitments to issue shares		
- In connection with conversion rights		
- Amount of outstanding convertible notes		
- Amount of capital to be subscribed		
- Maximum number of shares to be issued		
- In connection with subscription rights		
- Number of outstanding subscription rights		24,687,570
- Amount of capital to be subscribed	10	
- Maximum number of shares to be issued		24,687,570
Capital authorised but not subscribed	**88**	
Shares issued not representing capital		
Structure of the shareholder group of the company as at the closing date of the financial year, as shown by the notices received by the company		
As far as known by ageas SA/NV, the structure of the company's stable shareholders at 31 December 2010, was as follows:	Number of shares	%
Fortis Bank	125,313,283	4.78
Ping An Life Insurance Company of China, Ltd	120,996,265	4.62
On 31 December, the members of the Board of Directors of ageas SA/NV jointly held 209,056 shares and 158,727 options on ageas units		

	2010	2009
Status of liabilities		
Amounts payable originally due after more than one year, according to their remaining term to maturity	**939**	
- Financial debts	474	
- Other debts	465	
Guaranteed amounts payable		
Amounts payable in respect of taxes, remuneration and social charges		
Taxes	1	
- Taxes due	1	
- Taxes not yet due		
- Estimated taxes payable		
Remuneration and social charges	1	
- Amounts due to the National Social Security Office		
- Other amounts payable in respect of remuneration and social charges	1	
Transitory accounts	9	
- Accrued expenses	4	1
- Accrued intrests RPN(I)	2	
- Accrued expenses State Guarantee	3	

	2010	2009
Business Results		
Operating expenses		
Employees		
- total on closing date	34	
- average in FTE	32.7	
- hours worked	44,912	
Salary expenses		
- salaries	5	
- Social security expenses	1	
Impairment on receivables (-)	181	
Provisions for other costs	1,181	
Other operating costs	1	

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	2010	2009
Financial results		
Other financial income	**6**	
- default interests	6	
Amounts written down on loan issuance costs and from risks		
Capitalised interest		
Amount written down on current assets	**12**	
Other financial charges	**23**	
- revaluation RPN(I)	23	
Provisions of a financial nature		

	2010	2009
Income taxes and other taxes		
Income taxes		
Taxes on the result for the financial year		
- Income taxes due or paid		
- Surplus on prepaid taxes or activated withholding tax		
- Estimated additional charges for income taxes		
Taxes on the result for previous years		
- Additional charges for income taxes due or paid		
- Estimated additional charges for income taxes or provisioned		
Main sources of differences between the profit before taxes, as stated in the financial statements, and the estimated taxable profit		
Dividends of subsidiaries, of which 95% not taxable		
Impact of the extraordinary results on the level of taxation on the result for the financial year		
Sources of deferred taxes		
- Deferred tax assets	13,634	243
- Loss carried forward, deductible from future taxable profits	13,634	193
- Other deferred tax assets		50

	2010	2009
Taxes on value added and taxes to the debit of third parties		
Amount of value added tax charged during the financial year:		
Amounts withheld to the debit of third parties in the form of:		
- Advance levy withheld from wage, salaries and benefits	1	
- Withholding tax	26	

	2010	2009
Rights and commitments not reflected in the balance sheet		
Personal security provided or irrevocably pledged by the company by way of surety		
For amounts payable by or commitments of third parties, of which		
- Outstanding bills of exchange endorsed by the company		
- Bills drawn or guaranteed by the company		
- Maximum amount for which other debts or commitments of third parties are guaranteed by the company		

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Contingent liabilities

Like any other financial institution, Ageas is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business, which since the divestment of its banking activities in October 2008 is limited to insurance activities.

In addition, as a result of the events and developments occurred in respect of the former Fortis group between May 2007 and October 2008 (a.o. capital increase and acquisition of parts of ABN AMRO in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities for Ageas.

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

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

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

On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer (i) to start legal proceedings aimed at establishing that certain facts mentioned in the expert report should be deemed 'mismanagement' ('wanbeleid') by Fortis and (ii) to annul the discharge granted to Fortis directors on 29 April 2008. The findings of the Dutch experts have led and may still lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages. The experts' findings may also impact existing legal proceedings. Although Ageas will challenge any allegations of wrongdoing, such actions if successful may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

On 19 August 2010, the AFM levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 each for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing. The administrative appeal was rejected by the AFM on 9 February 2011 and Ageas will appeal this decision of the AFM before the District Court in Rotterdam. As indicated before, this may lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages. Although, if successful, such actions may ultimately have a severe material impact on Ageas, it is not possible at this point to assess whether and how many such actions might be started or to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

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

- Various proceedings have been initiated by individual shareholders and shareholder organisations in Belgium and the Netherlands (in)directly aiming at (i) the annulment of decisions taken by the Fortis Board in September/October 2008 or alternative compensatory damages and/or (ii) the payment of monetary damages based on alleged miscommunication and/or market abuse committed by Fortis over the period between May 2007 and October 2008. Such proceedings include:

  a) proceedings initiated before the Brussels Commercial Court:
     - by a number of individuals represented by Mr. Modrikamen demanding the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages; the request for provisional measures against Ageas was dismissed on 8 December 2009;
     - by a number of individuals gathered around Deminor International, demanding damages because of alleged lack of or misleading information by Fortis in the period May 2007 until October 2008; these proceedings are pending;

b) proceedings initiated before the Amsterdam District Court:
   - by VEB and Deminor demanding to condemn the Dutch State to pay damages due to its alleged wrongful behaviour in the context of the nationalisation of the Dutch activities, or alternatively, to oblige Ageas to take legal action vis-à-vis the Dutch State;
   - by the Stichting FortisEffect and a number of individuals represented by Mr. De Gier demanding to invalidate the decisions taken by the board of directors in October 2008 and unwind the transactions, or alternatively, to pay damages;
   - by VEB demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis and certain of its former directors and top executives; that each of these breaches is an unlawful act of all or certain defendants and that these defendants are consequently liable for damages suffered by those who bought shares in the relevant period; This includes a claim (vis-à-vis Fortis, certain of its former directors and top executives and the financial institutions acting as global coordinators and lead managers in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete;

c) proceedings initiated before the Utrecht District Court:
   - by a number of individuals represented by Mr. Bos demanding damages due to alleged miscommunication, which are also still pending. In this context, some former directors and top executives of Fortis have requested the court to acknowledge the alleged obligation of Ageas, under termination agreements entered into in 2008 and/or rules of Dutch civil law, to hold such persons harmless against damages resulting from or relating to the legal proceedings initiated against them and which would originate from their functions within the Fortis group. Ageas is contesting the validity of the mentioned statutory and contractual hold harmless commitments.

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

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

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

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

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

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

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

Without prejudice to any specific comments made above, given the various stages and continuously evolving nature as well as inherent uncertainties and complexity of the current proceedings and investigations, management is not in a position to determine whether any claims or actions brought against Ageas in connection with these proceedings and investigations are without merit or can be successfully defended or whether the outcome of these actions or claims may or may not result in a significant loss in the Ageas Consolidated Financial Statements. Therefore, no provisions have been set apart, other than a provision of EUR 2.4 billion Euro in relation to the disputes with the Dutch State, as mentioned in Note 35 of the Consolidated Financial Statements.

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

Threatened litigation

On 23 December 2010, the Dutch State has expressed in writing two claims against Ageas for an amount of EUR 675 million and EUR 210 million respectively. The Dutch State bases these alleged claims on the application of certain provisions agreed by Fortis Insurance N.V., Fortis Insurance International N.V. and FBN(H) Preferred Investments B.V. in the context of the sale of the Dutch banking and insurance activities on 3 October 2008. Ageas will contest, in court if need be, the merits of these claims.

On 10 January 2011, a Stichting under Dutch law, called ‘Investor Claims Against Fortis’ issued a press release announcing a writ of summons against Ageas to be filed with the Utrecht District Court alleging miscommunication by Fortis on various occasions in the period 2007-2008. This includes a claim (vis-à-vis Fortis and one of the financial institutions acting as global coordinator in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete. As said above Ageas denies any wrongdoing and will challenge any allegations thereof in court. However, if successful this may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such action would succeed, nor to quantify the damages which may have to be paid if that would be the case.

Contingent liabilities for hybrid instruments of former subsidiaries

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

1. CASHES

CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) is a EUR 3 billion instrument issued by Fortis Bank nv-sa, with ageas SA/NV and ageas N.V. acting as co-obligors. According to the terms and conditions of this instrument it will only be reimbursed by Fortis Bank by means of an exchange against already issued Ageas shares, owned by Fortis Bank (the reported number of outstanding Ageas shares as at 31 December 2010 already includes the 125,313,283 Ageas shares issued for the purpose of such exchange). Pending the exchange of the CASHES against Ageas shares, these Ageas shares do not have any dividend rights or voting rights.

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

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

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV and ageas N.V. in accordance with the so called Alternative Coupon Settlement Method (ACSM), while Fortis Bank would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons so paid by ageas SA/NV and ageas N.V. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV and ageas N.V. to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

2. Fortis Bank Tier 1 debt securities 2001

Fortis Bank SA/NV issued EUR 1,000 million of redeemable perpetual cumulative coupon debt securities in 2001, which benefit from a support agreement entered into by the former Fortis parent companies now ageas SA/NV and ageas N.V., at an interest rate of 6.50% until 26 September 2011 and 3 month Euribor + 2.37% thereafter.

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

The support agreement also gives holders the option, in the event that Fortis Bank does not call the instrument in 2011, to ask ageas SA/NV and ageas N.V. to exchange the instrument against newly issued Ageas shares. In the absence of a sufficient approved authorised capital, ageas SA/NV and ageas N.V. will have to exchange the principal amount of the securities for cash instead, subject to regulatory approval. If the regulator declines to give its approval, the instrument will remain outstanding.

3. Fortis Bank Tier 1 debt securities 2004

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

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

4. FRESH litigation

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

Related Parties

	2010	2009
Relationships with affiliated companies and companies in which the company holds participating interests		
Affiliated companies		
Financial fixed assets	**3,195**	**4,092**
- Participating interests	3,121	4,092
- subordinated claims	74	
Amounts receivable		**1**
Maximum 1 year		1
Short-term investments		
Amounts payable	**474**	

	2010	2009
Personal and collateral security provided or irrevocably pledged by the company by way of surety for amounts payable by or commitments of affiliated companies		**4,306**
Personal and collateral security provided or irrevocably pledged by affiliated companies by way of surety for amounts payable by or commitments of the company		
Other significant financial commitments		
Financial results		
- Income from financial fixed assets	6	
- Income from current assets		
- Other financial income	19	
- Interest in respect of amounts payable		
- Other financial charges		
Realisation of fixed assets		

	2010	2009
Amounts receivable from these persons or entities		
Sureties provided on their behalf		
Other significant commitments undertaken on their behalf		
Direct and indirect remuneration and pensions charged to the income statement, to the extent that this disclosure does not exclusively or mainly relate to the situation of a single identifiable person:		
- managing directors and managers	1,950	
- former managing directors and former managers		

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Social balance sheet

Numbers of Joint Committees applicable to the enterprise	218.00

Statement of persons employed

Employees listed in the personnel register

During financial year and previous financial year	*Codes*	*Full Time (financial year)*	*Part Time (financial year)*	*Total (T) or total in full time equivalents (FTE) (financial year)*	*Total (T) or total in full-time Equivalents (FTE) (Previous financial year)*
Average number of employees	100	32.7		32.7 (FTE)	0 (FTE)
Actual number of hours worked	101	44,912		44,912	(T)
Staffing cost	102	6,053,802		6,053,802	(T)
Value of benefits in addition to salary/wages	103	xxxxx	xxxxx	(T)	(T)

On last day of financial year	*Codes*	*Full time*	*Part time*	*Total in full time equivalents*
Number of employees listed in the personnel register	105	34		34
Breakdown by type of employment contract				
Permanent contract	110	33		33
Fixed-term contract	111	1		1
Contract for a specified task	112			
Substitution contract	113			
Breakdown by gender and level of education				
Men	120	20		20
Elementary	1200			
Secondary	1201			
Higher non-university	1202	5		5
University	1203	15		15
Women	121	14		14
Elementary	1210			
Secondary	1211	4		4
Higher non-university	1212	3		3
University	1213	7		7
Breakdown by occupational category				
Managerial and supervisory staff	130	25		25
Clerical staff	134	9		9
Manual workers	132			
Other	133			

Agency workers and staff on secondment to the enterprise

Durnig financial year	*Codes*	*Agency workers*	*Staff on secondments*
Avarage number of employees	150	5.33	
Actual number of hours worked	151	4,924.95	
Cost to the enterprise	152	187,174.31	

Table of staff movements during financial year

Recruitment	*Codes*	*Full time*	*Part time*	*Total in full time equivalents (FTE)*
Number of employees entered in the personnel register during financial year	205	36		36
Breakdown by type of employment contract				
Permanent contract	210	35		35
Fixed-term contract	211	1		1
Contract for a specified task	212			
Departures				
Number of employees whose contract terminated on a date terminated on a date recorded in the personnel register during the year	305	2		2
Breakdown by type of employment contract				
Permanent contract	310	2		2
Fixed term contract	311			
Contract for a specified task	312			
Breakdown by reason for termination of contract				
Retirement	340			
Early retirement	341			
Redundancy	342			
Other reason	343	2		2
Of wich: the number of people that continue to work at least half time for the enterprise on a self employed basis	350			

Information on training initiatives for employees during financial year

Total of semi-formal ande informal further vocational training Initiatives for employees at the employer's expense	*Codes*	*Men*	*Codes*	*Women (FTE)*
Number of employees involved	5801	4	5811	1
Number of hours of training completed	5802	78	5812	6
Net cost to the enterprise	5803	28,760	5813	1,124

Remarks as required by article 133, paragraph 6 of the Company Law.

Exception to the rule 1:1: ageas SA/NV is not bound to the rule 1:1 because the Ageas consortium, to which ageas SA/NV belongs, is audited by a common overall audit. In addition, the Audit and Risk Committee of the Ageas consortium follows a systematic approach for the approval of requests for particular or exceptional audit assignments.

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Summary of valuation principles

Incorporation expenses

Expenses relating to a capital increase or an issue of shares and convertible and non-convertible notes are amortised over a maximum period of five years.

Financial fixed assets

Financial fixed assets consist only of ownership interests in Ageas companies. They are accounted for at their acquisition price, excluding acquisition costs.

Amounts receivable and liquid assets

Amounts receivable and liquid assets are accounted for at face value or at acquisition price.

The three items above are reduced in value if, at the balance sheet date, and taking into account the value of any guarantees attached to each receivable or liquid asset, recovery is uncertain or doubtful.

Short-term investments

Securities are recorded at their acquisition price.

Reductions in value are recorded to the amount of the long-term capital losses incurred. If these reductions in value subsequently diminish, they will be reversed in the amount of such diminution. Profits on the sale of securities are determined on the basis of the average acquisition price of the securities.

Conversion of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are converted in euro at the exchange rates at the end of the financial year. Gains or losses arising from these conversions and exchange rate differences in connection with transactions in the course of the financial year are taken to the income statement.

Appropriation of profit

Since shareholders cannot elect the source of their dividend payment until after the Annual General Meeting, it is impossible for ageas SA/NV to present to this Annual General Meeting financial statements after appropriation of dividend. Because of this, the Minister has given permission for the company financial statements for 2008 and the years thereafter to be drawn up before appropriation of profit.

Additional disclosure on items in the statement of financial position and income statement

Preliminary note

In exchange of the sale of the universality of Brussels Liquidation Holding SA to ageas SA/NV, the latter issued a promissory note for an amount of EUR 2,204 million.

Universality of Brussels linquidation Holding SA as at 1/4/2011 (amount in EUR million)

Liabilities	**941**
Amounts payable within 1 year	916
Suppliers	15
Amounts payable in respect of remunerations and social charges	1
Accruals and deferred income	9
Assets	**3,145**
Financial fixed assets	3,077
Amounts receivable within one year	4
Liquid assets	56
Prepayments and accrued income	8
Promissory note	**2,204**

ASSETS

a. Fixed assets: EUR 3,956 million

The Financial fixed assets relate as per 31 December 2010 to Ageas Insurance International (EUR 2,697 million), Royal Park Investments (EUR 760 million), Ageasinvestlux (EUR 424 million) and Ageas Hybrid Financing (EUR 0.016 million).

b. Amounts receivable within one year: EUR 1,185 million

Included in this caption are the claims on Fortis Capital Company Limited, ABN AMRO and the Dutch State related to the FCC transaction and the MCS conversion. The first claim is for full compensation for the payment made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO N.V.) to allow it to pay the above amount to the holders of preference shares (the total claim amounts to EUR 362 million, however, EUR 181 million is recorded by ageas N.V.). In 2009 this claim was impaired based on the fact that ABN AMRO contested the claim. Based on the negotiations with the Dutch State, ageas SA/NV decided to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State.

The second claim relates to the MCS conversion. On December 7, 2010, ageas SA/NV issued 106.7 million shares in relation to the conversion of the MCS. Since ABN AMRO was the beneficiary of the proceeds of the MCS issue and the existence of the 4 party agreement granting ageas SA/NV a claim on ABN AMRO at the moment of conversion, ageas SA/NV recorded a receivable for an amount of EUR 1 billion with ABN AMRO as debtor at the moment of conversion (the total receivable amounts to EUR 2 billion, however, EUR 1 billion is recorded by ageas N.V.). The Dutch State has made a statement that based on the terms and conditions on the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance, they are entitled to this claim. ageas SA/NV has taken this into account for the set up of a provision for disputes with the Dutch State (see also under Provisions).

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LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity: EUR 3,481 million

a. Subscribed share capital: EUR 1,102 million

Ageas SA/NV increased her capital with 106,723,569 shares related to the conversion of the MCS notes. The subscribed share capital increased with EUR 45 million.

b. Share premium reserve: EUR 955 million

Ageas SA/NV increased her capital with 106,723,569 shares related to the conversion of the MCS notes. The share premium reserve increased with EUR 955 million.

c. Unavailable reserves: EUR 0 million

The unavailable reserves that were created due to the legal restructuring of the Ageas group were for an amount of EUR 569 million included in the available reserves.

d. Reserves available for distribution: EUR 2,901 million

The unavailable reserves that were created due to the legal restructuring of the Ageas group were for an amount of EUR 569 million included in the available reserves. Additionally, an amount of EUR 144 million of the reserves was deducted to pay out dividend.

e. Profit/loss carried forward: EUR (1,476) million

The financial year closed with a loss of EUR 1,283 million related to the set up of a provision for EUR 1,181 million for disputes with the Dutch State on the one hand and the increased RPN(I) debt for EUR 125 million.

f. Provisions: EUR 1,181 million

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

- the owner of the EUR 2 billion claim on ABN AMRO related to the conversion of the MCS
- the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation.

As communicated by the Dutch State and Ageas, both parties aspire to reach an amicable settlement. In this settlement the dispute over the ownership of claims on ABN AMRO related to the FCC transaction and the MCS transaction as well as the capital guarantee will be resolved. Ageas believes that the provision of EUR 2,362 million is sufficient to cover any outflow of benefits related to the settlement. The provision is for an amount of EUR 1,181 million booked in the accounts of ageas N.V. and for EUR 1,181 million in the accounts of ageas SA/NV.

g. Amounts payable within one year: EUR 1,281 million

The debt that was created through the liquidation of Brusssels Liquidation Holding in the amount of EUR 1,102 million was paid by ageas SA/NV to ageas N.V. Due to this payment, the current account of ageas SA/NV became negative. The loan from FGF Lux will be redeemed in 2011.

INCOME STATEMENT

a. Operating income: EUR 6 million

This amount relates to a received amount for a VAT restructurering.

b. Operating expenses: EUR 37 million

The operating expenses are as follows:

◆ Lawyers, consultants	15
◆ Expenses charged by AG Insurance	10
◆ Yearly shareholders meetings	1
◆ Directors fees	2
◆ Marketing and advertisements	2
◆ Insurance	2
◆ Other	5

Information on the Ageas Consolidated Financial Statements

Together with ageas N.V. the company is part of the Ageas consortium. The two companies publish together Consolidated Financial Statements.

The Ageas Consolidated Financial Statements are available from the group's two registered offices, at Rue du Marquis 1, 1000 Brussels (Belgium) and Archimedeslaan 6, 3584 BA Utrecht (the Netherlands).

Appropriation of profit

Ageas SA/NV in Belgium and ageas N.V. in the Netherlands together form the holding companies of Ageas. The listed shares of ageas SA/NV and ageas N.V. were twinned at the end of 2001 to form a new listed security, the Ageas share. One Ageas share comprises one ordinary share of ageas SA/NV and one ordinary share of ageas N.V. including all the rights attached to those shares, such as voting rights and dividend rights.

Ageas SA/NV and ageas N.V. pursue the same dividend policy and shareholders may elect to receive dividend either from ageas SA/NV or from ageas N.V. Shareholders have to state their preferred source of dividend on a 'dividend election form' that is not available until after the Annual General Meetings of ageas SA/NV and ageas N.V.

Since shareholders cannot elect the source of their dividend payment until after the Annual General Meeting, it is impossible for ageas SA/NV to present to this Annual General Meeting financial statements after appropriation of dividend. Because of this, the Minister has given permission for the company financial statements for 2008 and the years thereafter to be drawn up before appropriation of profit.

Statutory auditor's report to the general shareholders' meeting on the financial statements of ageas SA/NV as of and for the year ended 31 December 2010

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the financial statements and the required additional disclosures and information.

Unqualified opinion on the financial statements with emphasis of matter paragraph

We have audited the financial statements of ageas SA/NV as of and for the year ended 31 December 2010, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance-sheet total of EUR 6,416 million and a negative result for the year of EUR 1,283 million.

The company's board of directors is responsible for the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the 'Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren'. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the financial statements contain material misstatements, whether due to fraud or error. In making this risk assessment, we have considered the company's internal control relating to the preparation and fair presentation of the financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the financial statements taken as a whole. Finally, we have obtained from the board of directors and company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's net worth and financial position as of 31 December 2010 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

We draw attention to the note to the financial statements relating to contingent liabilities. The company is involved in various legal proceedings and in a number of administrative and criminal investigations in connection with certain events and transactions having occurred between May 2007 and October 2008, which may result in financial liabilities for the company. However, the ultimate outcome of these matters cannot presently be determined. Our opinion is not qualified in respect of this matter.

Additional remarks and information

The company's board of directors is responsible for the preparation and content of the management report, and for ensuring that the company complies with the Companies' Code and the company's articles of association. Our responsibility is to include in our report the following additional remarks and information, which do not have any effect on our opinion on the financial statements:

- The management report which consists of the document entitled Report of the Board of Directors of Ageas accompanying the Consolidated Financial Statements deals with the information required by the law and is consistent with the financial statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment. In addition, we do not express an opinion on whether internal controls operated effectively during the financial year ended 31 December 2010.

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- There are no transactions undertaken or decisions taken in violation of the company's bylaws or the Company Code that we have to report to you. As indicated in the Report of the Board of Directors, the Board of Directors has decided on 24 August 2010, in the absence of Mr. De Mey, pursuant to article 523 of the Belgian Companies Code, not to initiate legal actions against any former executives or directors in respect of their decisions, actions or omissions during the period from 29 May 2007 until 7 October 2008. The decision referred to above has no financial consequences for the company provided that the Board reviews and revises its decision on a regular basis.

Brussels, 8 March 2011

KPMG Réviseurs d'Entreprises/ Bedrijfsrevisoren
Statutory auditor
Represented by

Olivier Macq Réviseur d'Entreprises/ Bedrijfsrevisor	Michel Lange Réviseur d'Entreprises/ Bedrijfsrevisor

ageas N.V.
Company Financial Statements 2010

ageas N.V.

Archimedeslaan 6

3584 BA Utrecht, The Netherlands

ageas

Statement of financial position

(before appropriation of profit)

	31 December 2010	31 December 2009
Assets		
Financial fixed assets		
- Participating interests in group companies	2,881	4,107
Current assets		
- Claims ABN AMRO Bank N.V.	1,181	
- Other receivables and accrued assets	1	
Cash and cash equivalents	1,049	
	5,112	4,107
Liabilities		
Shareholders' equity		
- Capital paid-up and called-up	1,102	1,057
- Share premium reserve	14,335	14,277
- Unrealised gains and losses	(1,147)	(1,294)
- Legal reserve participating interests	116	139
- Other reserves	(10,235)	(10,478)
- Retained result current financial year	(244)	264
	3,927	3,965
Provisions	1,181	
Current Liabilities		
- Liabilities to credit institutions		137
- Other payables and accrued liabilities	4	5
	5,112	4,107

Income Statement

	2010	2009
Profit from group companies	167	443
Other results after taxation	(411)	(179)
Net profit	**(244)**	**264**

Explanatory notes to the Statement of financial position and income statement

General

Ageas is a company with a global presence.

The Ageas Consolidated Financial Statements 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS as adopted by the European Union). In accordance with section 2:362, subsection 8 of the Dutch Civil Code, the Board of Directors of ageas N.V. decided to prepare the Non-Consolidated Financial Statements based on accounting principles applied in the Ageas Consolidated Financial Statements.

Participating interests in group companies are carried at net asset value in accordance with the principles of valuation that apply to the Ageas Consolidated Financial Statements. The share in the results of participating interests in group companies is reported in accordance with the principles of valuation and profit determination that apply to the Ageas Consolidated Financial Statements.

Ageas N.V. has applied article 2:402 in preparing the income statement. All amounts stated in the tables of these Financial Statements are denominated in millions of euros, unless otherwise indicated.

Statement of financial position

The following pages contain explanatory notes to the various items in the statemement of financial position, including an explanation of the principles of valuation applied. Where no valuation principle is stated, the assets and liabilities are included at nominal value, less impairments where necessary.

Financial fixed assets

Participating interests in group companies

This item consists of the 50% share in Ageas Insurance International N.V., the new name of Fortis Insurance International N.V. (2009: 50% share in Fortis Brussels SA/NV and the 50% share in Fortis Utrecht N.V). During 2010 a number of legal restructurings took place in the structure of Ageas. First, Fortis Brussels SA/NV was liquidated and ageas N.V. received an amount of EUR 1.1 billion for its 50% share in this company. In November 2010, Ageas Insurance N.V. (new name of Fortis Insurance N.V.) and Ageas Utrecht N.V. (new name of Fortis Utrecht N.V.) merged with Ageas Insurance International N.V., Ageas Insurance International N.V. being the surviving company.

Participating interests in group companies are carried at net asset value in accordance with the principles of valuation that apply to the Ageas Consolidated Financial Statements.

Movements in the items in the statement of financial position are as follows:

	2010	2009
Balance as at 1 January	**4,107**	**3,483**
Capital increases	920	
Dividend received	(1,025)	
Internal reorganisation	(1,435)	
Share of profit from participating interests	167	443
Revaluation of participating interests	147	181
Balance as at 31 December	**2,881**	**4,107**

The revaluation of participating interests is related to the revaluations of the investments of these participations.

Claims ABN AMRO Bank N.V.

Included in the caption 'Claims ABN AMRO Bank N.V.' are the claims on Fortis Capital Company Limited, ABN AMRO Bank N.V. and the Dutch State related to the FCC transaction and the MCS conversion. The first claim is for full compensation for the payment made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO Bank N.V.) to allow it to pay the amount to the holders of preference shares (the total claim amounts to EUR 362 million, however, EUR 181 million is recorded by ageas SA/NV). In 2009, this claim was impaired based on the fact that ABN AMRO Bank N.V. contested the claim. Based on the negotiations with the Dutch State, ageas N.V. decided to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State.

The second claim relates to the MCS conversion. On December 7, 2010, ageas N.V. issued 106.7 million shares in relation to the conversion of the MCS. Since ABN AMRO Bank N.V. was the beneficiary of the proceeds of the MCS issue and the existence of the 4 party agreement granting ageas N.V. a claim on ABN AMRO Bank N.V. at the moment of conversion, ageas N.V. recorded a receivable for an amount of EUR 1 billion with ABN AMRO Bank N.V. as debtor at the moment of conversion (the total receivable amounts to EUR 2 billion), however, EUR 1 billion is recorded by ageas SA/NV). The Dutch State has made a statement that based on the terms and conditions on the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance, they are entitled to this claim. Ageas N.V. has taken this into account for the set up of a provision for disputes with the Dutch State (see also under Provisions).

Cash and cash equivalents

Cash and cash equivalents are carried at nominal value and are fully at the free disposal of the company.

Shareholders’ equity

Movements in Shareholders' equity are as follows:

	2010	2009
Balance as at 1 January	**3,965**	**3,518**
Capital increases	103	2
Result	(244)	264
Revaluation of participating interests, including foreign exchange differences	147	181
Dividend paid	(44)	
Balance as at 31 December	**3,927**	**3,965**

Capital paid-up and called-up

Movements in paid-up and called-up capital are as follows:

Capital paid-up and called-up as at 31 December 2008: 2,516,657,248 shares	**1,057**
No issue of shares in 2009	
Capital paid-up and called-up as at 31 December 2009: 2,516,657,248 shares	**1,057**
Issue of 106,723,569 shares in 2010	45
Capital paid-up and called-up as at 31 December 2010: 2,623,380,817 shares	**1,102**

At 31 December 2010, 2,623,380,817 twinned shares are issued and fully paid up.

On 7 May 2002, 39,682,540 shares were issued due to the issuance of Floating Rate Equity-linked Subordinated Hybrid (FRESH) Capital Securities. These shares were then repurchased by the group company Ageasfinlux SA. Further information on FRESH securities is provided in note 30 of the Ageas Consolidated Financial Statements.

Ageas N.V. issued on 19 December 2007, 125,313,283 new shares in the amount of EUR 1.2 billion as part of the issue of CASHES (undated floating rate Convertible and Subordinated Hybrid Equity-linked Securities) for which ageas N.V. is co-obligor. Further information on CASHES securities is provided in note 52 of the Ageas Consolidated Financial Statements.

On 7 December 2010, Ageas issued 106,723,569 Ageas shares related to the mandatory conversion of Mandatory Convertible Securities (MCS). According to agreements entered into between the parties, Fortis Bank Nederland N.V. (now ABN AMRO Bank N.V.) has to compensate Ageas by issuing new shares at conversion; this compensation is disputed, as mentioned under claims ABN AMRO BANK N.V., by the Dutch State, after it took over control of Fortis Bank Nederland N.V. There were no costs related to the issuance of the shares by ageas N.V.

ageas

Share premium reserve

Movements in Share premium reserve are as follows:

Balance as at 31 December 2008	**14,275**
Amounts received from group companies for options	2
Balance as at 31 December 2009	**14,277**
Issue of 106,723,569 shares	56
Amounts received from group companies for options	2
Balance as at 31 December 2010	**14,335**

A number of operating companies of Ageas granted in the past options on Ageas shares to employees. The options were covered by ageas SA/NV and ageas N.V. The amount received from the operating companies for the options is recorded under share premium reserve. From 2008 on, the amount received is amortised over the vesting period (usually five years).

Unrealised gains and losses

This concerns a reserve related to the revaluation of participating interests. Movements in the Unrealised gains and losses reserve are as follows:

Balance as at 31 December 2008	**(1,475)**
Changes in 2009	181
Balance as at 31 December 2009	**(1,294)**
Changes in 2010	147
Balance as at 31 December 2010	**(1,147)**

Legal Reserve participating interests

This is a reserve for:

- unrealised gains from associates which are recognised in the income statement, and for which there is no liquid market;
- retained earnings from associates.

Balance as at 31 December 2008	**94**
Changes in 2009	45
Balance as at 31 December 2009	**139**
Changes in 2010	(23)
Balance as at 31 December 2010	**116**

Other reserves

Movements in Other reserves are as follows:

Balance as at 31 December 2008	**3,666**
From profit appropriation 2008	(14,099)
Changes in legal reserve participating interests	(45)
Balance as at 31 December 2009	**(10,478)**
From profit appropriation 2009	264
Changes in legal reserve participating interests	23
Dividend paid	(44)
Balance as at 31 December 2010	**(10,235)**

Retained result current financial year

Movements in the retained profit current financial year are as follows:

Balance as at 31 December 2008	**(14,099)**
Profit appropriation	14,099
Profit current financial year	264
Balance as at 31 December 2008	**264**
Profit appropriation	(264)
Result current financial year	(244)
Balance as at 31 December 2010	**(244)**

Provisions

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

- the owner of the EUR 2 billion claim on ABN AMRO Bank N.V. related to the conversion of the MCS;
- the owner of the EUR 362 million claim on FCC/ABN AMRO Bank N.V. related to FCC transaction;
- are entitled to some EUR 885 million related to a capital guarantee included in the sales documentation.

As communicated by the Dutch State and Ageas, both parties aspire to reach a amicable settlement. In this settlement the dispute over the ownership of claims on ABN AMRO Bank N.V. related to the FCC transaction and the MCS transaction as well the capital guarantee will be resolved. Ageas believes that the provision of EUR 2,362 million is sufficient to cover any outflow of benefits related to the settlement. The provision is for an amount of EUR 1,181 million booked in the accounts of ageas N.V. and for EUR 1,181 million in the accounts of ageas SA/NV.

Current liabilities

Other liabilities

These concern the amount related to option plans that has to be amortised against the share premium reserve.

Option plans

A description of the option plans on the shares of ageas N.V. is included in the notes 10 and 11 of the Ageas Consolidated Financial Statements.

Income statement

General

The result is made up primarily of the share in the profit from participating interests.

Other results consist mainly of interest income, interest expenses on receivables and debts, the result related to the dispute with the dutch state and the impact of the internal reorganisation.

Related to the mandatory conversion of MCS, Ageas N.V. recognised a liability towards the MCS holders. This liability was measured at fair value, the contractually foreseen number of shares issued (106,723,569) multiplied by Ageas's opening share price of EUR 1.90 at conversion date, i.e. 7 December 2010, totalling EUR 203 million (ageas N.V. has recorded EUR 101 million and ageas SA/NV also recorded EUR 101 million). The liability was recorded through a charge to the income statement for the same amount. On 7 December 2010, ageas N.V. issued 106,723,569 Ageas shares, against the contribution of this liability.

Together with the issuance of the shares, a claim of Ageas on ABN AMRO Bank N.V. has been recognised through the income statement for an amount of EUR 2 billion, based on the original agreement between all issuing parties of the MCS (see also note 20). Ageas N.V. and ageas SA/NV have recorded each a claim of EUR 1 billion.

In addition to this claim, Ageas recorded in 2009 a claim for full compensation for the payment (EUR 362 million) made by Ageas to Fortis Capital Company Limited (a subsidiary of ABN AMRO Bank N.V.) to allow it to pay the above amount to the holders of preference shares. In 2009, this claim was impaired based on the fact that ABN AMRO Bank N.V. contested the claim. Based on the negotiations with the Dutch State, Ageas decided to reverse the impairment and include this claim in the assessment of the provision for disputes with the Dutch State.

The disputes with the Dutch State arose because the Dutch State is of the opinion that based on the term sheets underlying the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance from Ageas to the Dutch State in October 2008, they are:

- the owner of the EUR 2 billion claim on ABN AMRO Bank N.V. related to the conversion of the MCS;
- the owner of the EUR 362 million claim on FCC/ ABN AMRO Bank N.V. related to FCC transaction;
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation.

Awaiting further evolutions in the legal disputes with the Dutch State, a provision has been recorded for an amount of EUR 2,362 million (ageas N.V. and ageas SA/NV have each recorded a provision of EUR 1,181 million). As communicated by the Dutch State and Ageas, both parties aspire to reach an amicable settlement. In this settlement the dispute over the ownership of claims on ABN AMRO Bank N.V. related to the FCC transaction and the MCS transaction as well the capital guarantee will be resolved. Ageas believes that the provision of EUR 2,362 million is sufficient to cover the outflow of benefits related to the settlement.

	2010
Liability related to MCS conversion	101
Claim on ABN AMRO Bank N.V.	(1,000)
Provision for Legal disputes with Dutch State	1,000
Provision for FCC claim	181
Reversal of impairment FCC claim	(181)
Net impact MCS conversion	**101**

Due to the activities of the company, it is not expected that the company will generate sufficient taxable profits in the future to compensate taxable losses. Consequently no tax income has been recognised on the loss for the year.

No corporation tax is owed on the pre-taxation result in connection with carry-back losses from previous years.

Details of the total remuneration paid to the Board of Directors are provided in note 11 of the Ageas Consolidated Financial Statements.

Commitments not reflected in the statement of financial position

Ageas N.V. has extended a guarantee to the Institute of London Underwriters on behalf of Bishopsgate Insurance Limited. Bishopsgate Insurance Limited terminated its membership of the Institute of London Underwriters on 31 December 1991. Ageas N.V.'s guarantee concerns the current commitments arising out of policies issued by the previously mentioned Institute on behalf of Bishopsgate, and for Bishopsgate's commitments to the Institute.

Ageas SA/NV and ageas N.V. have each extended guarantees with respect to liabilities and credit facilities of Ageas subsidiaries in various currencies. The total amount of current outstanding debt is EUR 575 million (2009: EUR 941 million).

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

Contingent liabilities

Like any other financial institution, Ageas is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business, which since the divestment of its banking activities in October 2008 is limited to insurance activities.

In addition, as a result of the events and developments occurred in respect of the former Fortis group between May 2007 and October 2008 (a.o. capital increase and acquisition of parts of ABN AMRO in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities for Ageas.

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

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

On 16 June 2010, the expert report commissioned by the Ondernemingskamer in Amsterdam was filed for public inspection. A copy of the report can be downloaded from the Ageas website. Among other things the experts are critical of the way in which Fortis informed its investors over time and conclude that the information provided by Fortis to investors in a number of areas was incorrect or at least incomplete. In particular, they refer to : (i) the information on the position and exposure of Fortis in relation to the subprime situation in the trading update of 21 September 2007 and in the prospectus for the rights issue (which incorporated the trading update) effectuated on 9 October 2007 (although the experts acknowledge that information has not been manipulated or willingly misrepresented); (ii) information on the sale of certain parts of ABN AMRO as required by the EC competition authorities and solvency position of Fortis, in the period as of 21 May 2008 until 26 June 2008; (iii) the communication of certain facts to investors in the subsequent period and more specifically on 26 September 2008. On 16 August 2010, VEB and certain other parties filed a request with the Ondernemingskamer (i) to start legal proceedings aimed at establishing that certain facts mentioned in the expert report should be deemed 'mismanagement' ('wanbeleid') by Fortis and (ii) to annul the discharge granted to Fortis directors on 29 April 2008. The findings of the Dutch experts have led and may still lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages.

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

On 19 August 2010, the AFM levied an additional fine on ageas SA/NV and ageas N.V. of EUR 144,000 each for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. This might imply that, for the period as of 21 September 2007, investors may allege to have traded on incomplete information. Ageas challenges any allegations of wrongdoing. The administrative appeal was rejected by the AFM on 9 February 2011 and Ageas will appeal this decision of the AFM before the District Court in Rotterdam. As indicated before, this may lead to new claims and proceedings being filed against Ageas, including claims for compensatory damages. Although, if successful, such actions may ultimately have a severe material impact on Ageas, it is not possible at this point to assess whether and how many such actions might be started or to assess the chances that such actions would succeed, nor to quantify the damages which may have to be paid if that would be the case.

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

- Various proceedings have been initiated by individual shareholders and shareholder organisations in Belgium and the Netherlands (in)directly aiming at (i) the annulment of decisions taken by the Fortis Board in September/October 2008 or alternative compensatory damages and/or (ii) the payment of monetary damages based on alleged miscommunication and/or market abuse committed by Fortis over the period between May 2007 and October 2008. Such proceedings include:

  a) proceedings initiated before the Brussels Commercial Court:
     - by a number of individuals represented by Mr. Modrikamen demanding the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages; the request for provisional measures against Ageas was dismissed on 8 December 2009;
     - by a number of individuals gathered around Deminor International, demanding damages because of alleged lack of or misleading information by Fortis in the period May 2007 until October 2008; these proceedings are pending;

  b) proceedings initiated before the Amsterdam District Court:
     - by VEB and Deminor demanding to condemn the Dutch State to pay damages due to its alleged wrongful behaviour in the context of the nationalisation of the Dutch activities, or alternatively, to oblige Ageas to take legal action vis-à-vis the Dutch State;
     - by the Stichting FortisEffect and a number of individuals represented by Mr. De Gier demanding to invalidate the decisions taken by the board of directors in October 2008 and unwind the transactions, or alternatively, to pay damages;
     - by VEB demanding to establish that various communications of Fortis in the period September 2007 to 3 October 2008 constitute a breach of law by Fortis and certain of its former directors and top executives; that each of these breaches is an unlawful act of all or certain defendants and that these defendants are consequently liable for damages suffered by those who bought shares in the relevant period; This includes a claim (vis-à-vis Fortis, certain of its former directors and top executives and the financial institutions acting as global coordinators and lead managers in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete;

c) proceedings initiated before the Utrecht District Court:
   - by a number of individuals represented by Mr. Bos demanding damages due to alleged miscommunication, which are also still pending. In this context, some former directors and top executives of Fortis have requested the court to acknowledge the alleged obligation of Ageas, under termination agreements entered into in 2008 and/or rules of Dutch civil law, to hold such persons harmless against damages resulting from or relating to the legal proceedings initiated against them and which would originate from their functions within the Fortis group. Ageas is contesting the validity of the mentioned statutory and contractual hold harmless commitments.

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

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

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

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

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

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

In respect of all legal proceedings and investigations of which management is aware, Ageas will make provisions for such matters if and when, in the opinion of management, who consult with legal advisors, it is probable that a payment will have to be made by Ageas and the amount can be reasonably estimated.
Without prejudice to any specific comments made above, given the various stages and continuously evolving nature as well as inherent uncertainties and complexity of the current proceedings and investigations, management is not in a position to determine whether any claims or actions brought against Ageas in connection with these proceedings and investigations are without merit or can be successfully defended or whether the outcome of these actions or claims may or may not result in a significant loss in the Ageas Consolidated Financial Statements. Therefore, no provisions have been set apart , other than a provision of 2.4 billion Euro in relation to the disputes with the Dutch State, as mentioned in Note 35of the Consolidated Financial Statements.

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

Threatened litigation

On 23 December 2010 the Dutch State has expressed in writing two claims against Ageas for an amount of EUR 675 million and EUR 210 million respectively. The Dutch State bases these alleged claims on the application of certain provisions agreed by Fortis Insurance N.V., Fortis Insurance International N.V. and FBN(H) Preferred Investments B.V. in the context of the sale of the Dutch banking and insurance activities on 3 October 2008. Ageas will contest, in court if need be, the merits of these claims.

On 10 January 2011 a Stichting under Dutch law, called ‘Investor Claims Against Fortis’ issued a press release announcing a writ of summons against Ageas to be filed with the Utrecht District Court alleging miscommunication by Fortis on various occasions in the period 2007-2008. This includes a claim (vis-à-vis Fortis and one of the financial institutions acting as global coordinator in connection with the rights issue) that the information on the position and exposure of Fortis in relation to the subprime situation in the prospectus of 24 September 2007 for the rights issue effectuated on 9 October 2007 was incorrect and incomplete. As said above Ageas denies any wrongdoing and will challenge any allegations thereof in court. However, if successful this may ultimately have a severe material impact on Ageas. At this point however it is not possible to assess the chances that such action would succeed, nor to quantify the damages which may have to be paid if that would be the case.

Contingent liabilities for hybrid instruments of former subsidiaries

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

1. CASHES

CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) is a EUR 3 billion instrument issued by Fortis Bank nv-sa, with ageas SA/NV and ageas N.V. acting as co-obligors. According to the terms and conditions of this instrument it will only be reimbursed by Fortis Bank by means of an exchange against already issued Ageas shares, owned by Fortis Bank (the reported number of outstanding Ageas shares as at 31 December 2010 already includes the 125,313,283 Ageas shares issued for the purpose of such exchange). Pending the exchange of the CASHES against Ageas shares, these Ageas shares do not have any dividend rights or voting rights.

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

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

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV and ageas N.V. in accordance with the so called Alternative Coupon Settlement Method (ACSM), while Fortis Bank would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons so paid by ageas SA/NV and ageas N.V. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV and ageas N.V. to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

2. Fortis Bank Tier 1 debt securities 2001

Fortis Bank nv-sa issued EUR 1,000 million of redeemable perpetual cumulative coupon debt securities in 2001, which benefit from a support agreement entered into by the former Fortis parent companies now ageas SA/NV and ageas N.V., at an interest rate of 6.50% until 26 September 2011 and 3 month Euribor + 2.37% thereafter.

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

The support agreement also gives holders the option, in the event that Fortis Bank does not call the instrument in 2011, to ask ageas SA/NV and ageas N.V. to exchange the instrument against newly issued Ageas shares. In the absence of a sufficient approved authorised capital, ageas SA/NV and ageas N.V. will have to exchange the principal amount of the securities for cash instead, subject to regulatory approval. If the regulator declines to give its approval, the instrument will remain outstanding.

3. Fortis Bank Tier 1 debt securities 2004

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

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

4. FRESH litigation

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

Utrecht, 8 March 2011

Board of Directors

Other information

Provisions of the Articles of Association concerning profit appropriation

These provisions are contained in Article 25. The Board of Directors determines which part of the profit is to be retained. The remainder of the profit is at the disposal of the General Meeting of Shareholders.

Profit appropriation

The Board of Directors proposes 8 Eurocent dividend for 2010 (2009: EUR 0.08).

Independent auditor's report

To the General Meeting of Shareholders of ageas N.V.

Report on the company financial statements

We have audited the company financial statements of ageas N.V. as set out on pages 245 to 259 for the year ended 31 December 2010 which are part of the financial statements of Ageas and comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the explanatory notes.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these company financial statements and for the preparation of the Report of the Board of Directors, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the company financial statements give a true and fair view of the financial position of ageas N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of an uncertainty in the financial statements with respect to a lawsuit

We draw attention to the note ‘Contingent liabilities’ to the company financial statements as at 31 December 2010 which describes that the company is involved in a number of legal proceedings as well as administrative and criminal investigations in connection with certain events and developments having occurred between May 2007 and October 2008, some of which could result in financial liabilities for the company. However, the ultimate outcome of these matters cannot presently be determined. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 part e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Report of the Board of Directors, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 8 March 2011

KPMG ACCOUNTANTS N.V.
Represented by: S.J. Kroon RA

Other information

ageas

Forward-looking statements to be treated with caution

Some of the statements contained in this Annual Report, including but not limited to the statements made in the sections entitled Message to the Shareholders, Description of Activities and Report of the Board of Directors and in Note 7 Risk management, refer to future expectations and other forward-looking perceptions that are based on management's current views, estimates and assumptions concerning future events. These forward-looking statements are subject to certain risks and uncertainties that may mean actual results, performance or events differ substantially from what those statements express or imply, including but not limited to our expectations regarding the level of provisions relating to our credit and investment portfolios. Other more general factors that may impact our results include but are not limited to:

- general economic conditions;
- changes in interest rates and the performance of financial markets;
- the frequency and severity of insured loss events;
- mortality, morbidity and persistency levels and trends;
- foreign exchange rates, including euro / US dollar exchange rate;
- changes in competitive and pricing environments, including increasing competition in Belgium;
- changes in domestic and foreign legislation, regulations and taxes;
- regional or general changes in asset valuations;
- occurrence of significant natural or other disasters;
- inability to economically reinsure certain risks;
- adequacy of loss reserves;
- regulatory changes relating to the insurance, investment and/or securities industries;
- changes in the policies of central banks and/or foreign governments;
- general competitive factors on a global, regional and/or national scale.

Availability of company documents for public inspection

The Articles of Association of ageas SA/NV and ageas N.V. can be inspected at the Registry of the Commercial Court in Brussels (ageas SA/NV), at the Chamber of Commerce in Utrecht (ageas N.V.) and at the companies' registered offices.

The Annual Report is filed with the National Bank of Belgium (ageas SA/NV) and the Chamber of Commerce in Utrecht (ageas N.V.). Resolutions on the (re)election and removal of Ageas Board Members are published in annexes to the Belgian Law Gazette (ageas SA/NV), the NYSE Euronext Amsterdam Daily Official List (ageas N.V.) and elsewhere.

Financial reports on the companies and notices convening AGMs and EGMs are published in the financial press, and other newspapers and periodicals. The Annual Report is available from Ageas' registered offices in Brussels and Utrecht and isalso filed with the National Bank of Belgium and the Chamber of Commerce in Utrecht. The Annual Report is sent each year to registered shareholders and to others on request.

Provision of information to shareholders and investors

Listed shares

Ageas shares are currently listed on NYSE Euronext Brussels, NYSE Euronext Amsterdam and the Luxembourg Stock Exchange. Ageas also has a sponsored ADR programme in the United States. ageas SA/NV, VVPR strips are listed only on NYSE Euronext Brussels.

Types of shares

Shares in Ageas may be registered or bearer shares.

Dematerialisation and registration of bearer shares

Ageas offers its shareholders the opportunity to register their shares in dematerialised form. These registered shares remain dematerialised and are administered at no cost. Holders of registered shares may arrange, on request and free of charge, for their shares to be converted into bearer shares. Holders of bearer shares may arrange, on request and free of charge, for their shares to be dematerialised and registered. Ageas has devised a procedure for the rapid dematerialisation of shares, facilitating rapid delivery.

Corporate Administration ageas SA/NV,
Rue du Marquis 1, 1000 Brussels, Belgium

Or:

Board of Directors Secretariat
ageas N.V.
P.O. Box 2049, 3500 GA Utrecht, Netherlands

Information and communication

Ageas sends out notices, including those relating to the quarterly and annual results, and to the Ageas Annual Report, free of charge to holders of both bearer shares and registered shares. Ageas sends all holders of both bearer and registered shares a personal invitation to attend the AGMs, and encloses the agenda, proposed resolutions and a form by means of which shareholders can nominate a proxy to vote on their behalf at the AGMs. When dividend becomes payable, Ageas automatically credits the dividend accruing to the holders of both bearer and registered shares to those bank accounts of which it has previously received details from the pertinent shareholders.

Glossary and abbreviations

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/accretion of any premium/discount, and minus any write-down for impairment.

Asset backed security
A bond or a note backed by debt instruments (not being mortgages) or accounts receivable.

Associate
A company on which Ageas has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash-flow hedge
A hedge to mitigate exposure to fluctuations in the cash flow of a recognised asset or liability, or forecasted transaction, as a consequence of movements in variable rates or prices.

Clean fair value
The fair value excluding the unrealised portion of the interest accruals.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Credit spread
The yield differential between government bonds and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Deferred acquisition cost
The cost of acquiring new and renewed insurance business, principally commissions, underwriting, agency and policy issue expenses, all of which vary with and primarily are related to the production of new business.

Derivative
A financial instrument such as a swap, a forward, a future contract or an option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Disability insurance
Insurance against the financial consequences of long-term disability.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Discretionary participation feature
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits:
(a) that are likely to be a significant portion of the total contractual benefits; (b) whose amount or timing is contractually at the discretion of the issuer; and (c) that are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or (iii) the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A derivative instrument that is embedded in another contract – the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, in addition to their pay or salary.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the amount by which the fair value of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business, exceeds Ageas's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Gross written premiums
Total premiums (whether or not earned) for insurance contracts written or accepted during a specific period, without deduction for premiums ceded.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards have been used as the standard for all listed companies within the European Union since 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment

A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Insurance contract

A contract under which one party (Ageas) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Investment contract

A life insurance policy contract that transfers financial risk without transferring significant insurance risk.

Intangible asset

An identifiable non-monetary asset which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property

Property held by Ageas to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Britain (United Kingdom), Pounds
HKD	Hong Kong, dollar
JPY	Japan, Yen
MYR	Malaysia, Ringgits
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

Market capitalisation

Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

Net-investment hedge

A hedge used to reduce the financial risks of a reporting entity’s share in the net assets of a foreign entity by entering into transactions that give an offsetting risk profile.

Notional amount

Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease

A contract that allows the use of an asset in return for periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are borne by the lessor.

Operating margin
Operating income divided by net premium. Operating income is the profit or loss stemming from all operations, including underwriting and investments.

Option
A privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors wishing to sell their stake in a private company have to find a buyer themselves owing to the lack of a marketplace.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the date of the statement of financial position.

Reverse repurchase agreement
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Shadow accounting
According to IFRS 4 an insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset affects the measurement of the insurance liabilities. The related deferred adjustment to the insurance liability (or deferred acquisition costs or intangible assets) is recognised in equity only if the unrealised gains or losses are recognised directly in equity.

Securities lending transaction
A loan of a security from one counterparty to another who must eventually return the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Structured credit instruments
Securities created by repackaging cash flows from financial contracts and encompassing asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO).

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, of which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities (‘control’).

Trade date
The date when Ageas becomes a party to the contractual provisions of a financial asset.

Value of business acquired (VOBA)
The present value of future profits from acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the period in which the premiums or gross profits of the policies are recognised.

VaR
Abbreviation of value at risk. A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

Abbreviations

AFS	Available for sale
ALM	Asset and liability management
CASHES	Convertible and subordinated hybrid equity-linked securities
CDS	Credit default swap
CGU	Cash generating unit
DPF	Discretionary participation features
EPS	Earnings per share
Euribor	Euro interbank offered rate
EV	Embedded value
FRESH	Floating rate equity linked subordinated hybrid bond
HTM	Held to maturity
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LAT	Liability adequacy test
MCS	Mandatory convertible securities
OTC	Over the counter
SPV	Special purpose vehicle

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