PRESS RELEASE

Brussels/Utrecht 10 March 2010
Full Year Results 2009

- Solid insurance net profit EUR **456 million**, strong capital position at **231%**
  - Life returns to profit at EUR 382 million
  - Non-Life net profit of EUR 74 million, negatively impacted by higher claims
  - 2009 Market Consistent Embedded Value 15% up to EUR 4.9 billion
- Total gross inflows of EUR **15.8 billion** exceed 2008 levels
  - Inflows on a consolidated basis increased 3% at EUR 12.0 billion
  - Inflows on non-consolidated partnerships increased 25% at EUR 3.8 billion
- Group net profit at EUR **1,192 million**, net profit General Account at EUR **736 million**
  - EUR 697 million capital gain on disposal 25%+1 share of AG Insurance drives net profit General Account
  - EUR 581 million net-of-tax positive impact of call option on BNP Paribas shares; EUR 316 million negative impact related to RPN(I)
  - EUR 301 million negative net-of-tax impact of legal dispute with Fortis Bank Nederland, related to Fortis Capital Company Ltd
- Proposed 2009 cash dividend of **8** eurocent per share
- Fortis proposes a name change to **“ageas”**

CEO Bart De Smet said:
The past year has been one of significant change for our company. We made a number of important decisions regarding the future development of the company and ended the year in a more stable and much stronger position. In a still difficult context we managed to maintain the value of our commercial franchise and even strengthened our position in our most important markets across Europe and Asia. In 2009 and until today the market environment remained unpredictable and challenging. Our solid financial results and our robust capital position are a strength in times of volatile financial markets. We constantly monitor the performance of the investment portfolio that supports our long term liabilities in Life, and while this portfolio has a relatively low risk profile, we have reduced the concentration risk when we considered it prudent and possible to do so. In Non-Life, we took a number of measures to improve our operational performance.
2010 will be another important year during which we will focus on the development of our insurance activities in the interest of the long term future of our company. The steps taken so far combined with the drive and commitment of our colleagues will ensure that we are well placed to face any future challenges as we are all driven by the same objective : Create sustainable value for all our stakeholders. An important element remains the active management of the legacy issues. In respect of all investigations and legal proceedings originating from past events, the Board's overriding priority and duty is to act in the best interest of its shareholders and to protect the long-term financial stability of the new Fortis. The Board will continue to vigorously defend the company and its stakeholders and will take all appropriate actions to protect the company against the possible consequences of the legal actions that have or might be initiated. Finally, I am pleased to announce the new proposed name for our company, “ageas”, a new identity for this company which symbolizes the start of a new era.

Key figures Fortis

in EUR million

	FY 09	FY 08	H2 09	H2 08	H1 09
Net profit Insurance before non-controlling interests	**576**	**31**	**314**	**(318)**	**262**
- AG Insurance	435	12	229	(239)	206
- Fortis Insurance International	141	19	84	(80)	57
Net profit Insurance attributable to shareholders	**456**	**6**	**227**	**(313)**	**229**
- AG Insurance	366	6	171	(242)	195
- Fortis Insurance International	90	(0)	57	(71)	33
Net profit General Account (incl. eliminations)	**736**	**(616)**	**78**	**(322)**	**658**
- Net profit General Account excl. value call option	155	(616)	(21)	(322)	176
Net profit attributable to shareholders*	**1,192**	**(28,022)**	**306**	(635)	**886**
- Net profit attributable to shareholders excl. value call option	611	(28,022)	207	**(635)**	404
Funds under management (in EUR bn)	**73.0**	**65.8**	**73.0**	**65.8**	**68.5**
Operating cost Life/ FUM Life ratio	**0.59%**	**0.59%**	**0.59%**	**0.59%**	**0.59%**
Combined ratio	**105.1%**	**99.8%**	**104.3%**	**100.0%**	**105.8%**
Total solvency ratio Insurance (%)	**231%**	**202%**	**231%**	**202%**	**229%**
Embedded Value	**4,898**	**4,271**	*	*	*
Value of new business (VANB)	**69**	**81**	*	*	*
Weighted average number of ordinary shares (in million)	2,475	2,296	2,475	2,396	2,475
Earnings per share (in EUR)	**0.48**	**(12.21)**	**0.12**	**(12.38)**	**0.36**
- Earnings per share excl. value call option (in EUR)	0.24	(12.21)	0.08	(12.38)	0.16
- Before net result on discontinued operations	0.48	(0.27)	0.12	(0.31)	0.36
Net equity per share (in EUR)	**3.37**	**2.75**	**3.37**	**2.75**	**3.11**
- Net equity per share excl. value call option (in EUR)	3.14	2.75	3.14	2.75	2.91
Dividend per share (in EUR)	**0.08**	**-**			
Return on equity	**15%**	**(97%)**	**9%**	**-**	**6%**
- Return on equity per share excl. value call option (in EUR)	7.8%	-	5%	2.8%	

** The 2008 net profit includes a loss on discontinued operations of EUR 27.4 billion*

Press Release
10 March 2010
Full Year Results 2009

More information:

Investor Relations: Frank Vandenborre
Tel.: +32 2 565 57 49
frank.vandenborre@fortis.com

Press: Kathleen Steel
Tel.: +32 2 565 22 66
kathleen.steel@fortis.com

Contents

Executive summary

Fortis' results for 2009 reflect for the first time the new focus of Fortis as a pure international insurance group with a balanced portfolio of mature and emerging activities in Europe and Asia.

Fortis' full year 2009 **net profit** attributable to shareholders amounted to EUR 1,192 million. The net profit of the insurance operations improved sharply on last year and reached EUR 456 million. The General Account contributed EUR 736 million, driven by a number of exceptional items such as the capital gain on the sale of 25%+1 share of AG Insurance to Fortis Bank and other items related to the transaction with BNP Paribas, the Belgian State and Fortis Bank, closed on the 12th of May 2009.

Net profit of the second half 2009 amounted to EUR 306 million. The insurance net profit remained stable compared to the first half of 2009, notwithstanding the increase of minority interests due to the sale of the 25%+ 1 share stake in AG Insurance. Net profit of the General Account of EUR 78 million was driven by an increase of the value of the call option on BNP Paribas shares and a lower negative fair value of RPN(I).

Please refer to pages 8 to 31 for further details.

Insurance

Net profit

The Insurance net profit attributable to shareholders amounted to EUR 456 million in 2009 compared to EUR 6 million in 2008. Life insurance operations returned to profitability of EUR 382 million after the year 2008 that was marked by substantial losses due to adverse financial markets. Non-Life net profit after minority interests more than halved to EUR 74 million due to higher claims in both Motor and Household.

Compared to last year, **Life** activities investment income improved as financial income was much less impacted by the financial markets, a trend noticed in all countries in which Fortis is active. Nevertheless, the results remained affected by lower investment yields and a decrease in fee revenues related to, on average, lower unit-linked funds under management.

In **Non-Life**, the main activity areas, Belgium and the UK, suffered from an adverse claims experience and in Belgium specifically, increased costs related to rebranding and separation. This led to an increase in combined ratio's and lower operating margins and fully explains the decrease in net result to EUR 74 million, well below previous years' levels.

On a segment basis, net profit attributable to shareholders of **AG Insurance** amounted to EUR 366 million. The net profit attributable to the minority interests amounted to EUR 69 million and are mainly related to the 25% +1 share stake acquired by Fortis Bank in May 2009. In line with the general trend of our Life activities, the improved result was driven by more benign financial markets.

However, lower financial yields and fees related to unit-linked have weighed on the net profit. In Non-Life, increased frequency and severity of weather related events affected Household results while claims in Motor were higher than previous year. The combined ratio 2009 amounted to 103.2% compared to 100.9% in the previous year, mainly due to a higher current year claims ratio and higher costs. Finally, the 2009 result benefited from a one-off (DRD)[1] tax recovery of EUR 94 million in the first half, largely offset by a EUR 77 million impact of the financial markets on the investment portfolio, both impacts having mainly occurred in the first half of the year.

Higher insurance results in the second half of 2009 were offset by higher minority interests related to the 25% stake acquired by Fortis Bank, resulting in stable net profit levels compared to the first half of 2009.

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

Net profit of **Fortis Insurance International (FII)** after minority interests was EUR 90 million compared to a zero result in 2008. The net profit attributable to minority interests amounted to EUR 51 million, essentially driven by the net profit in Portugal. The net contribution of the Non-Life activities suffered from the lower contribution of the UK Motor business mainly due to a higher frequency of bodily injury claims. This contributed to a combined ratio for FII of 107.8% in 2009 compared to 98.4% in 2008.

FII's net result was marked by a strong second half with a net profit of EUR 57 million driven by better investment margins, the absence of investment losses and a net positive one-off result of EUR 15 million.

Gross inflows

In a difficult environment, the commercial performance has remained solid. The strong performance in the first half of the year has been replicated in the second half: total gross inflows in 2009 reached EUR 15.8 billion, up 8% compared to 2008, with an equal inflow of EUR 7.9 billion in both semesters. Life inflows reached higher levels in both Belgium and the International businesses, up 10% globally on last year to EUR 12.8 billion. Non-Life inflows were negatively impacted by adverse exchange rates but still remained stable at EUR 3 billion.

Gross inflow levels were supported by a strong recovery of the commercial franchise in Belgium in both Life and Non-Life after a difficult second half of the year 2008. The international activities were marked by an excellent performance in the Asian partnerships and a strong pick-up of inflows in Luxembourg in the fourth quarter. In both segments, **AG Insurance** and **Fortis Insurance International**, unit-linked product sales were under pressure, in line with general market trends due to clients' preference for life insurance products with guaranteed rates.

Total gross inflow at **AG Insurance** amounted to EUR 6.9 billion, up 9% compared to last year. Life inflows increased 11% to EUR 5.4 billion, while Non-Life increased by 3% to EUR 1.5 billion. In Life, sales were mainly driven by solid inflows through the bank channel and a strong performance of Employee Benefits. The inflow in Non-Life grew more than the overall estimated market growth in 2009, an increase of 3%, above average market growth of 1%. This was partly due to new business intake but also related to tariff increases especially in the Motor segment. In both Life and Non-Life, the most recent Assuralia market study reconfirmed AG Insurance's leading market positions. Both in Individual and Group Life, AG Insurance remains the uncontested market leader in Belgium with a market share close to 30%. In Non-Life, it remains the #2 player with a market share above15%.

Total gross inflow at **Fortis Insurance International**, including non-consolidated partnerships at 100%, amounted to EUR 8.9 billion, up 7% compared to 2008. Life inflows were EUR 7.4 billion and Non-Life EUR 1.5 billion. Non-consolidated partnerships recorded inflows of EUR 3.8 billion in 2009 up 25% year on year, driven by an increase in all countries, especially in China. The Asian activities exceeded the EUR 4 billion inflow mark for the first time. In the fully consolidated entities, Luxembourg Life operations delivered a strong performance in the second half thanks to a strong Freedom Of Service (FOS) underwriting in December 2009. French operations recovered in the second half but could not fully compensate for the weak performance in the first half. The Portuguese activity remained a steady contributor with inflows close to EUR 2.4 billion. Finally, the UK Non-Life activities recorded a 6% increase in inflows at constant exchange rates, but slightly below 2008 levels at current exchange rates, due to unfavourable currency rates.

Investment portfolio

The profile of Fortis' investment portfolio and the way it is managed reflect the long term nature of the liabilities. The majority of assets are invested in fixed income securities with high ratings and relative long durations and are managed according to a Buy and Hold philosophy.

Fortis' investment portfolio as at 31 December 2009 increased to EUR 56.4 billion thanks to new inflows and a revaluation of assets. The composition didn't change significantly over the year with more than 90% invested in fixed income securities and around 3% in equities. The credit quality of the portfolio remained high with 99% investment grade and about 90% of the total portfolio rated A or higher. 65% or some EUR 33.4 billion is investment in government bonds and EUR 17.4 billion in corporate bonds.

The increased uncertainty on some sovereign European countries impacted negatively the value of amongst others our South European investments, reducing our unrealised capital gains. As a result Fortis reduced its exposure on Greece end 2009 with about EUR 850 million and in the first months of 2010 it sold another EUR 1.5 billion, mainly Italian bonds with relative short durations (situation until the 3rd of March 2010). The direct impact of the re-balancing of the investments on results will be limited. The corporate bond portfolio remained mainly investment grade, with EUR 8.4 billion financials-related and EUR 6.5 billion in government agencies and supra-nationals.

End 2009 Fortis Real Estate, 100% owned by AG Insurance managed EUR 3.9 billion of assets. Total investments in 2009 amounted to EUR 400 million, mainly in Belgium but also a parking facility in Spain (accounted in 2010).

Embedded Value & Value Added by New Business (VANB)

At year end the Embedded Value increased from EUR 4.3 billion to EUR 4.9 billion mainly driven by interest rates, solid operating cash flows and a recovery of financial markets during 2009. End 2008 figures have been restated to reflect, among others, the changed scope due to the sale of 25%+1 share of AG Insurance to Fortis Bank in 2009 and modelling enhancements. The scope of the Embedded Value reporting includes the consolidated businesses but excludes the Asian joint ventures and the General Account, reflecting the holding activities.

Value Added by New Business (VANB) came down to EUR 69 million compared to EUR 81 million as at 31 December 2008. The decrease is mainly related to a lower Present Value of New Business Premiums (PVNBP) in Fortis Insurance International while at AG Insurance the increase of VANB is due to the improved financial markets while 2008 was substantially impacted by defaulting bonds.

General Account

Net profit

Fortis' General Account reported a net profit of EUR 736 million. This mainly reflects recurring and non-recurring elements.

Among the **non-recurring** elements, the main contribution to the net result of the General Account comes from the capital gain of EUR 697 million related to the sale of 25% + 1 share of AG Insurance to Fortis Bank in May 2009.

In addition, the General Account net result includes a number of items, related to certain financial instruments and to the transactions with BNP Paribas, the Belgian State and Fortis Bank, which nearly compensates : The charge of EUR 301 million (net-of-tax) related to the write down of the claim on Fortis Bank Nederland and Fortis Capital Company Ltd (FCC). Fortis believes it should be compensated for this payment and therefore it started a procedure on the merits against the Dutch State, Fortis Bank Nederland and FCC on 24 August 2009. Furthermore it includes a EUR 581 million positive net-of-tax amount for the value of the call option on the BNP Paribas shares held by SFPI/FPIM, and the negative fair value of EUR 316 million related to RPN(I).

The **recurring** elements of the General Account mainly relate to net interest income and corporate expenses (EUR 91 million). The latter relates to staff expenses and corporate costs but also include a material amount of one-off separation related and legal costs.

The EUR 760 million equity investment in Royal Park Investments, remained unchanged as at 31 December 2009.

Contingent liabilities

The AFM has levied a fine on Fortis SA/NV and Fortis N.V. of EUR 576,000 for breaches of the Dutch Securities Act. 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. Fortis challenges any allegations of wrongdoing and has appealed the decision of the AFM.

For more information on the legal contingencies we refer to the 'Contingent Liabilities' section in annex 8.

Group

Shareholders' equity

Shareholders' net equity increased from EUR 6.8 billion as at 31 December 2008 to EUR 8.4 billion at 31 December 2009, due to the 2009 net profit and the increase in unrealized gains and losses recognized in shareholders' equity (EUR 348 million). The insurance operations represent EUR 5.5 billion, of which AG Insurance accounted for EUR 2.9 billion and Fortis Insurance International EUR 2.7 billion, while EUR 2.8 billion is allocated to the General Account.

Capital

Fortis' core equity amounted to EUR 8.6 billion end of December 2009, exceeding the total consolidated regulatory minimum requirement for the insurance activities by EUR 5.8 billion. Total available capital of the insurance entities amounted to EUR 6.4 billion, 231% of the regulatory required minimum. The total solvency ratio as at 31 December 2009 was 205% for AG Insurance and 300% for Fortis Insurance International.

Net cash position

The **net cash** position of the General Account as at 31 December 2009, assuming full redemption of the European medium-term notes and commercial paper (EMTN) debt programmes, was EUR 3.0 billion, virtually stable compared to the level end of June 2009. As per 31 December 2009, the amount outstanding on the EMTN programme was EUR 915 million. (compared to an original amount of EUR 9.0 billion)

At the time of the publication of its strategic review at the end of September 2009, Fortis introduced the concept of **discretionary capital**[2]. At the end of December 2009 discretionary capital remained constant compared to and of June 2009 at EUR 1.3 billion.

Dividend

Fortis' Board of Directors proposes a gross dividend of 8 eurocent per share subject to approval by the shareholders at the Annual Shareholders' meetings of 28 and 29 April 2010. This equals an expected payout ratio of around 41% of insurance profits, in line with the announced dividend policy end of September 2009,

FTEs

Fortis employed 10,613 FTEs on 31 December 2009, of which 5,635 were at AG Insurance (including 1,746 FTEs at Fortis Real Estate), 4,940 at Fortis Insurance International and 38 for General.

2. *Discretionary capital is defined as the lower of the available cash and the total capital of the General Account corrected for (contingent) illiquid assets and existing investment commitments*

Fortis' scope of activities

In December 2008 the Court of Appeal of Brussels ruled Fortis to submit the decisions of the Board and the agreements of 5 and 6 October 2008 to the shareholders' meeting of Fortis SA/NV and to an appointed Expert Committee. This committee had to investigate the circumstances under which the transactions were concluded. This resulted in a revised agreement end of January 2009, subsequently rejected by a shareholders' meeting of Fortis SA/NV on 11 February 2009. On 6 March 2009, a third agreement was reached for submission to the shareholders.

The main components of this new transaction were :

- Sale of 25%+1 share of Fortis Insurance Belgium to Fortis Bank
- An equity investment limited to EUR 760 million into Royal Park Investments (RPI) for a stake of 44.7% – the company that would acquire part of the structured credit portfolio of Fortis Bank
- No upfront payment of EUR 2.35 billion related to the CASHES financial instrument, but instead a Belgian state guaranteed quarterly interest compensation mechanism between Fortis and Fortis Bank, the so called RPN(I)
- The granting of a cash settled call option, linked to the BNP Paribas shares owned by the SFPI/FPIM. These rights superseded the so called "coupon 42" mechanism, created under the original agreement of October 2008, which has now been annulled.

On 28 and 29 April 2009, the General Meetings of respectively Fortis SA/NV in Ghent, Belgium and of Fortis N.V. in Utrecht, the Netherlands approved the new transactions. Closing took place on 12 May 2009.

Since 12 May 2009, Fortis has consisted of :

- 75%-1 share of AG Insurance, previously called Fortis Insurance Belgium
- Fortis Insurance International, a number of international Life and Non-Life insurance activities in Europe and Asia.
- General Account comprising the holding companies and various financing vehicles. Furthermore, the General Account includes the equity stake in Royal Park Investments, the cash settled call option on the BNP Paribas shares and the fair value of future quarterly interest payments, based on the value of the Relative Performance Note linked to the CASHES financial instrument, the so called RPN(I).

In the context of the execution of the streamlining of its insurance portfolio, Fortis announced in the course of September and October 2009, the sale of the Non-Life activities in Luxembourg to La Bâloise and the discontinuation of its greenfield Russian operations.

Simultaneously, Fortis announced two new partnerships in September 2009 :

- In the UK, Tesco and Fortis UK concluded negotiations to form a new partnership, providing motor and household insurance through a newly created entity. The partnership is expected to be operational end 2010 and will initially run until at least 2015. This partnership is expected to contribute EUR 570 million of Gross Written Premiums on an annual basis.
- In Italy, Fortis and BNP Paribas Assurance announced the acquisition of a 50%+1 share stake in UBI Assicurazioni, one of the leading Non-Life bancassurance companies in Italy. The transaction has been approved end 2009 by the local regulator and will be operational in the course of 2010.

Finally, in Thailand, Fortis and the other shareholders of the Muang Thai Group Holding signed agreements with Kasikorn bank to enable the latter to increase its shareholding in Muang Thai to 51%. Fortis' economic interest in the Life and Non-Life insurance activities of Muang Thai decreased from 40% to 31% and 15% to 12% respectively.

A more detailed description can be found in the half year press release of 27 August 2009 and the annual report 2009. Furthermore, Fortis published a press release on 25 September 2009, in which it reported on the outcome of its strategic review.

AG Insurance

Income Statement – Life

AG Insurance - Life

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross written premiums	4,769	4,077	17%	2,318	1,754	2,451
Investment contracts without dpf	583	740	(21%)	288	368	295
Gross inflow Life	**5,352**	**4,817**	**11%**	**2,606**	**2,122**	**2,746**
Operating costs	(177)	(168)	5%	(94)	(86)	(84)
Technical Result	**385**	**(11)**	*	**228**	**(88)**	**157**
Allocated Capital gains	(72)	(66)	9%	(26)	(132)	(46)
Operating margin	**313**	**(77)**	*	**202**	**(220)**	**111**
Non-allocated other income and expenses	91	93	(3%)	51	42	40
Profit before taxation	**404**	**16**	*	**253**	**(178)**	**151**
Income tax expenses	(32)	(96)	**(67%)**	(64)	(97)	32
Results on discontinued operations	-	-	*	-	-	-
Net profit attributable to non-controlling interests	56	5	*	48	2	10
Net profit attributable to shareholders before results on divestments	**316**	**(85)**	*	**143**	**(277)**	**173**
Results on divestments	-	-	*	-	-	-
Net profit attributable to shareholders	**316**	**(85)**	*	**143**	**(277)**	**173**

Income Statement – Non-Life

AG Insurance – Non-Life

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross inflow Non-Life	**1,515**	**1,465**	**3%**	**707**	**691**	**808**
Operating costs	(250)	(235)	6%	(124)	(120)	(126)
Technical Result	**74**	**(119)**	*	**55**	**(60)**	**19**
Allocated Capital gains	(9)	(2)	38%	(4)	(12)	(5)
Operating margin	**65**	**(117)**	**(45%)**	**51**	**48**	**14**
Non-allocated other income and expenses	12	15	(16%)	5	13	7
Profit before taxation	**77**	**132**	**(41%)**	**56**	**61**	**21**
Income tax expenses	(14)	(40)	**(65%)**	(16)	(25)	2
Results on discontinued operations	-	-	*	-	-	-
Net profit attributable to non-controlling interests	13	1	*	12	1	1
Net profit attributable to shareholders before results on divestments	**50**	**91**	**(45%)**	**28**	**35**	**22**
Results on divestments	-	-	*	-	-	-
Net profit attributable to shareholders	**50**	**91**	**(45%)**	**28**	**35**	**22**

Income Statement

AG Insurance

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross inflow	**6,867**	**6,282**	**9%**	**3,313**	**2,813**	**3,554**
Operating costs	(427)	(404)	6%	(218)	(206)	(209)
Net profit attributable to shareholders	**366**	**6**	*	**171**	**(242)**	**195**

- Net profit recovers to EUR **366 million**
  - **Full year Life net profit at EUR 316 million; second half net profit roughly in line with first half**
  - **Full year Non-Life net profit at EUR 50 million, 45% down on 2008 due to lower results in Household**
  - **Minority interests increased to EUR 69 million reflecting the sale of 25%+1 share of AG Insurance to Fortis Bank in May 2009**
- Total gross inflow at EUR **6.9 billion**
  - **Life gross inflow up 11% to EUR 5.4 billion**
  - **Non-Life gross written premiums up 3% to EUR 1.5 billion**
- Combined ratio up to **103.2%** due to weather related events
  - **Increased claims frequency as well as more large claims affected Household and Motor**
  - **Mitigating actions taken such as tariff increases in Household and Motor together with revised product features**
- Life funds under management up 9% to EUR **45 billion**

Overview

Full year net profit amounted to EUR 366 million[3], compared with EUR 6 million in 2008. Minority interests amounted to EUR 69 million of which EUR 56 million in Life and EUR 13 million in Non-Life, mainly reflecting the 25% stake held by Fortis Bank in AG Insurance, since 12 May 2009.

The 2009 result benefited from a one-off DRD[4] tax benefit of EUR 94 million in the first half year. The negative impact of the financial markets on the investment portfolio amounted to EUR 77 million compared with EUR 534 million in 2008 (before profit sharing, net-of-tax and before minorities). The negative impact of financial markets included a EUR 16 million net-of-tax loss on the sale of Greek bonds (for a nominal value of EUR 0.7 billion) following the decision to reduce the concentration on some European sovereign bonds end 2009. In Non-Life, increased claims in Household weighed on AG Insurance's net profit.

The 2009 second half year net profit was EUR 171 million, compared with a negative net result of EUR 242 million over the same period last year and EUR 195 million in the first half 2009. The impact of financial markets on the investment portfolio in the 2009 and 2008 respective second half's, amounted to a positive EUR 5 million and a negative EUR 513 million (before minorities) respectively.

Total **gross inflow** at the end of 2009 reached EUR 6.9 billion, up 9% on last year. The strong commercial figures in difficult market circumstances reflect the resilience of AG's Insurance excellent product and service offering.

Life inflows increased by 11% to reach EUR 5.4 billion, primarily driven by strong savings inflow through the bank channel and a solid contribution from Employee Benefits. Gross written premiums in the Non-Life activity increased overall by 3.4% to EUR 1.5 billion. Growth was realised in all product lines, but mainly driven by Motor (+6%) and Household (+3%).

Total gross inflow in the second half of 2009 stood at EUR 3.3 billion, compared to 2.8 billion in the second half of 2008 and EUR 3.6 billion in the first half of 2009.

◆◆◆

3 *All figures in this text are calculated after minority interests unless otherwise stated*

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

Total operating costs increased by 6% to EUR 427 million mainly due to higher staff expenses, non-recurring rebranding costs related to the name change into AG Insurance, and costs linked to the separation from Fortis Bank. Wage indexation and a higher number of FTEs explain the increase in staff expenses. FTEs increased to 5,637 end 2009 versus 5,542 the year before, including 1,746 FTEs of Fortis Real Estate. Additional staff was hired to support the handling of newly sold health care plans for the Transport and Construction sector.

The operating cost increase only slightly affected cost ratios. Life cost ratio as percentage of funds under management remained stable at 0.41% as the increase of funds under management was in line with cost increases. The Non-Life cost ratio increased to 16.5% from 16.1% in 2008 due to the aforementioned rebranding and separation costs. Operating costs in the second half of 2009 amounted to EUR 218 million, up 4% on the first half related to rebranding and separation costs.

Total **technical result** improved to EUR 459 million for the full year compared to EUR 130 million negative last year that suffered from a large negative impact of financial markets. The second half technical result improved substantially on the previous half year in both Life and Non-Life and reached EUR 228 million and EUR 55 million respectively. This positive trend is mainly explained in Life by the recovery of CDO's and a lower level of provisioning for profit sharing compared to the evolution of the financial income. Non-Life technical result benefitted from the improvements in Household and Motor.

The **combined ratio** 2009 stood at 103.2% compared with 100.9% last year. Both claims and expense ratios increased around 1%, impacted by a substantial amount of weather related claims. Claims frequency in Household was higher while in both Household and Motor a higher number of large claims were recorded. As indicated at the end of August, a number of measures to improve the combined ratio have been initiated such as tariff increases in Household and Motor together with revised deductible formulas in Motor insurance. The combined ratio remained fairly stable at 100.8% in the second half of 2009 compared with last year, but improved significantly compared to the first half of 2009 (105.6%).

AG Insurance reinforced its **solvency** position from 189% in 2008 to 205% end of 2009 driven by retained net profit and higher unrealised capital gains on its equity portfolio.

Life

Life **inflow** reached EUR 5.4 billion for the full year, up 11% on 2008. Individual Life inflow stood at EUR 4.2 billion while Group Life inflow amounted to EUR 1.1 billion, both respectively up 11% and 10% on last year.

The strong performance in Individual Life was mainly fueled by the performance of the bank channel, with inflows 27% higher than last year. Savings products continued to be a very attractive alternative for bank deposits in a low interest rate environment. Inflow into unit-linked products remained at the same level as in the first six months and reached EUR 522 million for the full year (12% down on 2008). Another 6 tranches of the structured unit-linked product "Smart Invest Bon"[5] were launched in the second half resulting in total sales of EUR 296 million in 2009.

The inflows in Individual Life through the broker channel decreased 29% in 2009. However, pension savings triggered significantly improved performance in the last six months of the year. The lower inflows in 2009 reflect an overall market trend of lower Life volumes via broker channels. In addition, company specific issues such as the negative news surrounding Fortis, especially in the early part of the year, and a lower appetite for products that were very successful in 2008. A number of commercial initiatives were taken such as the launch early 2009 of Safe Return Plus, a new savings product offering attractive guaranteed interest rates, that generated already more than EUR 100 million inflows in 2009.

Despite the difficult market circumstances and a volatile investment environment, AG Insurance could offer client returns, between 3.0% and 4.0% in 2009 in both the bank and broker channel, which are amongst the highest in the Belgian market. Employee Benefits offered returns on long-term investments in a range of 3.75% to 5.0%.

Annual premium equivalent increased by 4% to EUR 437 million, compared to EUR 418 million in 2008.

◆◆◆

5 *Smart Invest Bon is a closed-end unit linked product with capital guarantee. The insured invests on medium or long term depending on the conditions of the underlying fund*

AG Insurance's **market leadership** in Individual Life was reconfirmed in the latest market survey by the industry association Assuralia[6]. According to the last data available, AG Insurance's market share in Individual Life stood at 32% end of September 2009. Its share of the individual non-unit-linked market climbed to 32% while its market share of unit-linked increased to 44%. AG Insurance's market leadership in Group Life insurance remained stable with a 29% market share.

Full-year Life operating margin amounted to EUR 313 million compared with a negative EUR 77 million last year. The lower negative impact of the financial markets was partially mitigated by lower yields.

AG Insurance Life **net profit** amounted to EUR 372 million (net-of-tax and before minority interests) compared with a loss of EUR 80 million last year. This included a EUR 86 million positive impact related to the one-off DRD tax benefit in the first half of the year and a negative EUR 69 million financial markets impact for 2009.

Funds under management increased by 9% to EUR 45.4 billion at the end of 2009, with both unit-linked and non-unit linked contributing. Funds under management related to non unit-linked business increased by 8% to reach EUR 38.8 billion, while unit-linked funds under management climbed by 11% to EUR 6.6 billion, driven by lower interest rates on bonds and the recovery of the equity markets. Funds under management in the broker channel passed the EUR 10 billion mark.

Non-Life

Gross written premiums grew by 3% to EUR 1.5 billion, exceeding the estimated average market growth in 2009 (+1%[6]). End of September AG Insurance's market share reached 14.7%, consolidating the second position in the market. Gross written premiums grew in all business lines, partly due to new business intake and partly due to tariff increases.

Gross written premiums generated by the broker channel stood at EUR 1,1 billion, up almost 4% compared to the same period last year, up 3% to EUR 0.6 billion in SME business lines and a solid increase in retail inflows (+4%). Non-Life inflow through the bank channel reached EUR 0.3 billion, slightly up on prior year. Health Care premiums, distributed through the Employee Benefits channel, went up 6% compared to last year, reaching EUR 0.2 billion mainly driven by new business.

The **combined ratio**, including Workmen's Compensation, increased to 103.2%, compared with 100.9% in 2008. As already mentioned, the increase was mainly caused by weather related events, affecting both claims frequency and more large claims in both Household and Motor. As a result, operating margin declined to EUR 65 million compared to EUR 117 million in 2008. The combined ratio amounted to 100.8% in the second half of 2009, compared to 105.6% in the first half, mainly due to improved results in Motor and Household. For the same reasons the operating margin went up significantly from EUR 14 million to EUR 51 million.

Net profit for the full year decreased to EUR 63 million (net-of-tax and before minorities), mainly caused by the higher mentioned deteriorated combined ratio. One-off elements included a EUR 8 million positive impact related to the DRD tax benefit and a EUR 8 million negative impact on the investment portfolio (before minorities). In the second half of the year, the net profit increased to EUR 41 million compared to EUR 23 million in the first half, in line with improved operating margins.

In the course of 2009 several measures have been taken to address the profitability in Motor insurance. Rates have been increased by on average 3.5% and certain product features have been modified. The impact of these measures, and new foreseen tariff increases in 2010, are expected to lead to a gradual improvement of the Motor results, aiming to bring the combined ratio for Motor close to 100% again by 2011.

The observed trend of higher frequency and severity in, often very regional, weather related claims in Household has lead to rate increases as well.

6. *Based on Assuralia 2009 market estimates published on 07/12/09*

Strategy & Business Development

On June 22nd 2009, Fortis Insurance Belgium was successfully rebranded into AG Insurance. The related separation project from Fortis Bank will continue in 2010 and aims to establish AG Insurance as a successful independent leading insurance company, while maintaining a strong commercial relation with Fortis Bank.

During 2009, AG Insurance pursued its strategy of product and service innovation in both Life and Non-Life. Below some examples of this strategy are listed:

In **Individual Life** bank and broker channel, savings products with a guaranteed interest rate were in the spotlight (Free Invest Plan and Fix & Income through the bank channel and Safe Return Plus through the broker channel). Given the steep yield curve with low short term interest rates, these type of products represented successful alternatives to traditional bank saving accounts. A continuous flow of capital guaranteed unit-linked products (Smart Invest Bon) were launched, anticipating increasing client demand for such funds. To exploit the untapped potential of the Life insurance SME market, Pension@work was launched.

In **Group Life & Health Care**, AG Insurance continued its development in the fast-growing market for sector-wide pension and healthcare plans. It succeeded in realizing among others the group healthcare contract for the Transportation and Construction sector (respectively 60,000 and 155,000 affiliates) which brought the total number of insured above the threshold of 1 million. The Employee Benefits customer satisfaction survey confirmed continued customer confidence despite the economical and financial environment and the negative press around the Fortis name. In collaboration with the Catholic University of Louvain, Employee Benefits launched a chair on the security of pensions (Pension Valuation and Solvency).

In **Non-Life**, AG Insurance pursued its product innovation strategy with the launch of several new products in the retail market. Also in the SME market, product innovation was continued with the launch of the new products “TPL Directors & Officers” and “Transport”. The range of Non-Life packs has been extended by a new SME Pack “Kiné”, providing specific covers for the profession of kinesiotherapist. Flexible multi-cover concepts, such as Familis for the retail market and Modulis for the SME segment, sustained a solid growth rate. At the end of 2009, there were almost 470,000 Familis in portfolio, while the number of Modulis stood at 75,000.

In addition to its innovative approach and its actions to reinforce its operational excellence, AG Insurance continued to leverage its cross-selling know how with Fortis Bank and its multi-channel expertise. Collaboration between Employee Benefits and Fortis Bank Commercial Banking, as well as the Modulis VIP concept are examples of successful cross selling initiatives. The latter is a unique synergy distribution model between the banking and broker channel, by which more than 20,000 leads have been generated by Fortis Bank in less than two years, involving close to 1,000 Fortis branches and 3,000 brokers. Today, more than 45% of the leads received have been converted into Modulis VIP files.

Notwithstanding the fact that AG Insurance’s image suffered temporarily from the disentanglement of Fortis, two independent Belgian surveys, conducted by ICMA and AT Kearney, confirmed its position as privileged partner for the broker community.

Fortis Insurance International

Following the new focus of Fortis as an international Insurance Group, it has been decided in 2009 to reorganize Fortis in several business units and to reorganize Fortis' management structure accordingly with all businesses represented in the management committee with effect from 1 January 2010. As of 2010, the financial reporting of the international insurance activities will be fully aligned with the new organization. Fortis Insurance International will be split over three reporting segments as of the first quarter of 2010: UK, Continental Europe and Asia.

Income Statement –Life

Fortis Insurance International - Life

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross written premiums	1,826	1,719	6%	928	972	898
Investment contracts without dpf	2,187	2,383	(8%)	1,293	927	894
Gross inflow Life	**4,013**	**4,102**	**(2%)**	**2,221**	**1,899**	**1,792**
Operating costs	(204)	(193)	6%	(102)	(103)	(102)
Technical Result	**65**	**(24)**	*	**30**	**(78)**	**35**
Allocated Capital gains	4	(33)	*	3	(32)	1
Operating margin	**69**	**(57)**	*	**33**	**(110)**	**36**
Non-allocated other income and expenses	69	1	*	58	7	11
Profit before taxation	**138**	**(56)**	*	**91**	**(117)**	**47**
Income tax expenses	(28)	1	*	(13)	(16)	(15)
Results on discontinued operations	-	-	*	-	-	-
Net profit attributable to non-controlling interests	44	10	*	23	(14)	21
Net profit attributable to shareholders before results on divestments	**66**	**(65)**	*	**55**	**(87)**	**11**
Results on divestments	-	-	*	-	-	-
Net profit attributable to shareholders	**66**	**(65)**	*	**55**	**(87)**	**11**

Income Statement – Non-Life

Fortis Insurance International – Non-Life

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross inflow Non-Life	**1,139**	**1,228**	**(7%)**	**562**	**594**	**577**
Operating costs	(188)	(200)	(6%)	(92)	(97)	(966)
Technical Result	**12**	**109**	**(89%)**	**(4)**	**51**	**16**
Allocated Capital gains	11	(5)	*	1	(4)	10
Operating margin	**23**	**104**	**(78%)**	**(3)**	**47**	**26**
Non-allocated other income and expenses	22	3	*	11	(9)	11
Profit before taxation	**45**	**107**	**(58%)**	**8**	**38**	**37**
Income tax expenses	(14)	(33)	**(58%)**	(2)	(17)	(12)
Results on discontinued operations	-	-	*	-	-	-
Net profit attributable to non-controlling interests	7	9	(20%)	4	5	3
Net profit attributable to shareholders before results on divestments	**24**	**65**	**(62%)**	**2**	**16**	**22**
Results on divestments	-	-	*	-	-	-
Net profit attributable to shareholders	**24**	**65**	**(62%)**	**2**	**16**	**22**

Income Statement

Fortis Insurance International – Non-Life

in EUR million	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Gross inflow	**5,152**	**5,330**	**(3%)**	**2,783**	**2,493**	**2,369**
Operating costs	(392)	(393)	(0%)	(194)	(200)	(198)
Net profit attributable to shareholders	**90**	**(0)**	*	**57**	**(71)**	**33**

- Full year net profit after minority interests of EUR **90 million**
  - **Life net profit significantly up to EUR 66 million**
  - **Non-Life net profit down to EUR 24 million reflecting a higher claims experience in the UK Motor activity**
  - **Strong second half net profit of EUR 57 million, partly thanks to non-recurring net results of EUR 15 million**
- Gross inflow at EUR **8.9 billion**
  - **EUR 3.8 billion from non-consolidated partnerships at 100%, up 25% on previous year**
  - **Strong recovery of Life activities in Luxembourg in fourth quarter**
- Combined ratio up to **107.8%** end 2009
  - **Fortis UK follows general trend UK Motor market but has performed better than the operating ratio market forecasts thanks[7] to its industry leading levels of operational efficiency**
  - **Corrective measures have been implemented and will be monitored closely**
- Life funds under management up 15% to EUR **22.7 billion**

Overview

The full year **net profit after minorities** amounted to EUR 90 million, compared to a break-even result in 2008. Much better results in Life more than compensated a deterioration in Non-Life results.
The net profit after minorities of the Life activity amounted to EUR 66 million compared to a net loss of EUR 65 million in 2008 due to significant investment losses. The absence of investment losses, improved investment margins in Portugal together with one-off elements contributing EUR 15 million to net profit, explain the positive evolution. The latter relates to a EUR 32 million reserve release in Malaysia, partially compensated by discontinuation costs caused by the streamlining of the business portfolio. The net result after minorities of the Non-Life activities came down to EUR 24 million, reflecting higher motor claims experience across the UK Motor market leading to negative technical results. The increase in minority interests (EUR 51 million) is related to the higher profit levels of the Portuguese activities compared to the previous year.

The net profit after minorities in the second half amounted to EUR 57 million compared to EUR 33 million in the first half of 2009. This evolution is mainly explained by the higher non-recurring results in the second half 2009.

Total annual gross inflow, including non-consolidated partnerships at 100%, reached EUR 8.9 billion or up 7% on the previous year, driven by an excellent performance of the Asian non-consolidated partnerships (+25% or EUR 3.7 billion). The second half-year inflow reached EUR 4.6 billion, 16% better than the same period in 2008 and up 5% on the first half year. Substantial inflows in the fourth quarter in Luxembourg explain the positive evolution.

Full year 2009 inflow of *consolidated companies* amounted to EUR 5.2 billion, down 3% on previous year's inflow levels due to adverse currency rate movements (GBP vs EUR), and lower inflows in France. Nevertheless, the second half-year consolidated inflow ended substantially higher compared to the previous half year mainly thanks to Luxembourg's very strong fourth quarter volumes.

The 2009 *non-consolidated* partnerships gross inflow reached EUR 3.8 billion exceeding by 25% the 2008 full year inflow. All countries grew by double digits, due to distribution expansion, adequate product offerings and a favourable exchange rate, mainly in China.

7 *Research of the UK market by the actuarial and business consultancy EMB in January 2010 found that in private motor, combined operating ratios could exceed 120%, while commercial motor ratios are likely to exceed 110%*

Fortis UK's year-to-date Life and Non-Life inflows amounted to EUR 913 million, down 4% on last year, due to adverse currency rate evolutions. At constant exchange rates inflow levels went up 7%. The main drivers behind this growth are the ongoing implementation of its commercial strategy and the strong development of its Household portfolio.

In the other European countries inflow reached EUR 3.9 billion, down 2% on last year. Thanks to the very strong performance in Luxembourg and improved sales in France the 2nd half-year, inflow was 17% above the same period last year. Inflows in Luxembourg were marked by a high level of FOS underwriting in December 2009. Inflow levels in France improved significantly in the second half of this year. Portugal, although slightly down, remained a steady contributor with an annual inflow level close to EUR 2.4 billion.

The inflow of the *Asian operations*, including non-consolidated partnerships at 100%, reached EUR 4.1 billion, versus EUR 3.3 billion up 24% on prior year. Inflow levels were up in all countries thanks to a comprehensive product offering, but were specifically pushed in China and Thailand, as a result of a continued growing distribution capability. The business mix further improved towards regular premium business and traditional products across all the Asian operations.

Operating costs remained virtually stable compared to last year. At constant exchange rates, costs would have been up by 5% versus last year or EUR 18 million due to the inclusion of a first full year of costs for the Life protection operations in the UK of EUR 20 million (vs EUR 13 million in 2008), and EUR 17 million costs related to streamlining of businesses.

Technical result showed a mixed evolution, with Life technical result recovering to EUR 65 million compared to EUR 24 million negative in 2008. Non-Life technical result came down to EUR 12 million compared to EUR 109 million last year.

The **combined ratio** end 2009 stood at 107.8% compared to 98.4% in 2008 due mainly to the worsening Motor market conditions in the UK.

Life

Gross inflow 2009, *including non-consolidated partnerships at 100%,* amounted to EUR 7.4 billion, up 9% on last year. This increase is driven by the strong performance of all Asian partnerships (EUR 3.4 billion or +27% year on year), partly offset by lower inflow levels in France.

The significantly improved inflow levels (+21%) in the second half compared to last year are mainly explained by the unfavourable market conditions in 2008, the inflow recovery in the fourth quarter in Luxembourg and strong sales in China. In Luxembourg, Fortis was able to regain confidence of high net worth clients resulting in inflow levels in the last quarter of more than EUR 680 million, compared to EUR 416 million in the first three quarters of 2009. This positive trend was partially offset by lower annual inflows in France (-23%), still suffering from a low appetite in Unit-linked products, high surrenders in early 2009 and low new business levels. Life inflow *in the consolidated companies* amounted to EUR 4.0 billion, down 2% on last year.

Annual premium equivalent (APE) (for consolidated companies only) decreased to EUR 527 million, down 8% on last year, driven by the lower inflow (-2%), emphasized by lower sales of regular premiums.

2009 **Net profit** after minorities reached EUR 66 million positive versus a negative result of EUR 65 million last year, the latter highly affected by the financial turmoil (EUR 100 million net-of-tax). The current year net profit includes a EUR 32 million positive impact from a re-assessment of reserves on the annuity portfolio in Malaysia (*accounted under 'Non-allocated other income and expenses')* but also costs related to the streamlining of the portfolio totalling EUR 17 million.

The **operating margin** improved from EUR 57 million negative last year to EUR 69 million positive this year, mainly due to better investment margins following the increase of funds under management and the non-recurrence of the impact of financial turmoil.

Funds under management (at consolidated companies only) increased by 15% to EUR 22.7 billion, driven by growth in unit-linked reserves (EUR 14.2 billion or +17%), due to a better performance of the financial markets, new inflows and the return to a normal level of lapses. Non-unit-linked liabilities grew 11% to EUR 8.5 billion on the back of the strong sales in savings business.

Non-Life

Gross written premiums, *including non-consolidated partnerships at 100%*, ended at EUR 1.5 billion or 3% below the 2008 year premiums due to adverse GBP currency rate movements. At constant exchange rates, inflow grew by 4%.

Excluding the impact of currency movements, UK Non-Life gross written premiums exceeded 2008 premiums by 6%. Household and commercial lines showed strong growth, while the motor business saw a premium decline.

Gross written premiums in the other European countries were up 10%, mainly thanks to a strong performance of the health business in Portugal.

Gross written premiums in the Asian partnerships increased to EUR 0.4 billion, essentially driven by growth in Thailand (+12%), as a result of the scope change (merger of Phatra and Muang Thai insurance)

Net profit after minorities came down to EUR 24 million, mainly due to a lower technical performance. A higher than expected frequency of personal injury claims in the UK's Motor business, lower positive run-off results on previous years and lower net earned premiums pushed the **operating margin** down from EUR 104 million to EUR 23 million.
The poor technical performance is also reflected in the evolution of the **combined ratio,** at 107.8 % in 2009 compared to 98.4% in 2008. As announced in the first half of this year, corrective measures such as rate increases and product adjustments have been implemented and will be monitored closely on their impact.

Strategy & Business Development

Despite the difficult situation surrounding Fortis , **Fortis UK** was able to retain its market position of eighth largest Personal General Insurer in the UK. In addition the recent announcement of the partnership with Tesco and new affinity deals, including Toyota (GB) PLC and its insurance partner in the UK, Aioi Motor and General Insurance Company of Europe Ltd, reinforces Fortis as one of the leading UK insurance solutions providers. The partnership with Tesco will add another 1.5 million motor and household customers to Fortis UK's customer base, bringing the number of UK customers to approximately 7 million.

RIAS, 100% owned by Fortis UK and targeting customers over the age of 50, was placed in the Top 2 Car Insurance Providers in the UK for customer communication, helpfulness, value for money and performance as voted by Auto Express readers in the 2009 Driver Power survey. RIAS itself has over 1 million policies in a growing market segment and together with Fortis UK's other retail and partnership activities, produced revenues of EUR 112 million and contributed profits (before tax) of EUR 30 million to the overall Fortis UK result.

Furthermore, Fortis UK saw very good progress in the development of its new Life protection business, which has not only grown market share to 3.6% in the IFA channel from a standing start but has continued to win awards for its innovative customer centric products and service delivery. Fortis UK's protection business now receives almost 700 applications per day and provides cover to over 63,000 customers. Fortis' UK's protection products are currently distributed through Independent Financial Advisers (IFAs), and by the end of the first quarter of 2010 available to the whole of the market.

This is a logical step forward in the UK building on its strong Non-Life proposition and its rapid progress in capturing market share among protection providers is encouraging. The UK protection market has significant potential and its needs are aligned to the Fortis culture of providing high service at low cost. It presents opportunities for cross selling to customers and joint Life and Non-Life offerings as well as for product and delivery innovation.

Fortis UK is a market leader in operational efficiency. Independent analysts Datamonitor ranked the company 'most efficient insurer for motor claims in 2008' for the sixth consecutive year and 'most efficient insurer for household claims in 2008'.[8]

Going forward, Fortis UK continues to work actively on expanding existing partnerships into new business segments, with for instance increased business being generated through its expansion in the UK SME market with the Post Office.

In the **other European countries** Fortis represents a mix of leading positions in mature markets with smaller positions in fast growing markets.

8 *Datamonitor analysis of the top 10 largest motor insurers for Gross Written Premium and the top 20 largest Household Insurance providers by Gross Written Premiums*

Throughout 2009, Fortis took initiatives to align its portfolio to the strategic criteria set forward during the strategic review of last year. These criteria are that activities should reach critical size, make a meaningful contribution to Fortis' insurance earnings and generate returns exceeding its cost of equity. Consequently in September 2009, Fortis announced the sale of the Luxembourg Non-Life activities to La Bâloise and the discontinuation of its Life insurance business in Russia. The sale in Luxembourg has been completed meanwhile while the operations in Russia are in run off.

On the other hand, in Italy, Fortis - together with BNP Paribas Assurance - engaged in an international partnership in Non-Life insurance with UBI Banca, the country's number 4 bank serving four million banking customers. The European and local regulatory authorities approved the transaction at the end of December 2009. The company entered the consolidation scope as of December 2009.

Business wise, throughout Europe, Fortis has been successfully focusing on developing innovative products that meet customers' needs, such as :

- In Portugal, Fortis launched a new Motor and Pet insurance in its Non-Life activity and in Life it offered a new pension product which features meet clients' increased risk averseness;
- In Luxembourg, new products with guaranteed return were successfully launched. This together with the regained confidence from high worth individuals resulted in a steep increase of sales in the last quarter of the year.

Furthermore Fortis took several initiatives to strengthen its multi-channel distribution platform such as:

- In Portugal, the specialised agents' pool set up in 2008 to promote the Non-Life insurance business towards the small business segment has been further developed, and today comprises 300 agents and brokers.
- In Turkey, a new initiative focusing on subagents was launched in 2009, in which the strongest agents are offered support in hiring talented new sales people and creating the necessary infrastructure.

In **Asia**, various initiatives were taken. In Malaysia, Mayban Fortis successfully concluded the three year merger program, which started in 2006 with the acquisition of MNI and Takaful Nasional. The corporate restructuring into the two core entities Etiqa Insurance and Etiqa Takaful hit a new milestone with the integration of the former Mayban General Assurance Bhd.

In China Taiping Life expanded its agency sales force in 2009 to over 60,000 agents and its national network to 650 offices. In Hong Kong, the full launch of the Business Oriented Support System (B.O.S.S.) in 2009 was an important milestone for FICA. The new service platform will contribute to the increase in productivity and operational efficiency, as well as enhancing the professionalism of our consultants. Another benefit is the enhancement of customer experience by offering them an e-portal to their policies allowing them to monitor online data, to change client data and execute fund switches.

In Thailand, Kasikorn bank forged closer ties with Muang Thai and Fortis by increasing its stake to 51% in Muang Thai Group Holding Company. This stronger and broader 3-way partnership will further solidify the already highly successful business of Muang Thai and is expected to accelerate the growth of sales, revenues, and value creation.

Finally, the start-up of commercial operations of IDBI Fortis and distribution through agents and the partners' networks in India, exceeded 1% market share among private insurers in 2009.

Embedded Value and Value Added New Business

Fortis calculates embedded value based on market-consistent methodology and complies with EEV Principles as developed by the CFO Forum. Market consistent embedded value is the term applied to the embedded value when the valuation techniques used for the assets and liabilities (including the allowance for risk) are consistent with how the market would value them. This includes therefore the cost of any financial options we provide to our policyholders.

As per 12 May 2009 the scope of Fortis Group consisted of 75% of AG insurance, Fortis Insurance International, including international insurance activities in Europe and Asia and a General Account. The scope for Embedded Value reporting excludes the General Account which reflects holding activities. Consolidated businesses are included based on Fortis stakes. The Asian joint ventures have been excluded from Embedded Value reporting, but included in the Adjusted Net Equity for their IFRS Shareholders' Equity value as reported in the Fortis EV 2009 report.

The divestiture of 25%+1% share stake in AG Insurance to Fortis Bank led to an opening adjustment of EUR 954 million. Other Opening Adjustments included modeling enhancements, such as a marking to market of existing subordinated loans with a market quotation, increasing Shareholders' Equity by EUR 191 million and a capital contribution of EUR 30 million from Fortis Group to Insurance International. The total of opening adjustments has led to a restatement of the Embedded Value 2008 by EUR 569 million to EUR 4.3 billion. Where comparisons are made with 2008 results, these results have been restated for the scope changes in 2009.

The total value growth of EUR 627 million is based on solid operating cash flows of EUR 257 million, including Value Added by New Business of EUR 69 million. The Embedded Value growth is further supported by higher interest rates and recovery of financial markets during 2009. At year-end 2009, Embedded Value amounted to EUR 4,898 million for the Life insurance activities.

Embedded Value

in EUR million

	Total Insurance	AG Insurance	Insurance International
Embedded Value Year-end 2008	4,923	3,817	1,106
Divestiture	(954)	(954)	0
Other opening adjustments	302	345	(43)
Previous EV restated	**4,271**	**3,208**	**1,063**
Expected return	251	195	56
Experience variance and assumption changes	(63)	(22)	(41)
Value added by New Business	69	49	20
Operating EV Earnings	**257**	**222**	**35**
Operating return on EV	6.0%	6.9%	3.3%
Variance on Investment Income	4	(69)	73
Changes in interest rates and market conditions	365	277	89
Embedded Value Year-end 2009	**4,898**	**3,638**	**1,260**
Total return on EV	**14.7%**	**13.4%**	**18.5%**

Value Added by New Business (VANB) has been restated from EUR 102 million in 2008 to EUR 81 million due to the scope change for the divestiture of the 25%+1 share stake in AG Insurance (EUR 13 million) and modelling enhancements (EUR 8 million) at Insurance International.

VANB decreased from EUR 81 million to EUR 69 million in 2009. The VANB at AG Insurance reached higher levels in 2009 due to improved financial markets. In 2008, the VANB at AG Insurance was substantially impacted by defaulting bonds. The increase in VANB at AG Insurance was more than offset by a decrease at Insurance International which was driven by lower new business volumes expressed as Present Value of New Business Premiums (PVNBP) in combination with lower margins. Margins were negatively impacted by the combination of lower volumes and a relatively fixed cost base and a less favourable product mix due to a lower proportion of unit-linked business. VANB is calculated using year-end assumptions.

Value added by New Business

in EUR million

	FY 2009	FY 2008	Change
Total Insurance			
Value Added by New Business (1)	69	81	(14%)
Present value New business premiums	5,471	6,225	(12%)
Margin	1.3%	1.3%	
AG Insurance			
Value Added by New Business	49	40	24%
Present value New business premiums	3,249	3,266	(1%)
Margin	1.5%	1.2%	
Insurance International			
Value Added by New Business	20	41	(51%)
Present value New business premiums	2,222	2,959	(25%)
Margin	**0.9%**	**1.4%**	

(1) VANB of 2008 is restated for divestments of 25% of AG Insurance

Fortis applies a market consistent valuation approach. In line with the approach taken for Embedded Value of 2008 Fortis includes a liquidity premium in calibrating its interest rate models. The CFO Forum is in the process of reviewing the method of applying a liquidity premium under the Market Consistent Embedded Value Principles©. Until this review is finalised, Fortis' continued the methodology adopted in 2008 which lead in 2009 to a 20 bps above the swap curve for Euro currencies and 50 bps for USD and HKD for all liabilities.

For information on Embedded Value results and methodology we refer to the 2009 Embedded Value Report published today on www.fortis.com.

General Account

Income Statement

in EUR million

	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Net interest income	15	(301)	*	(16)	(136)	31
Realised capital gains (losses) on investments	715	18	*	18	18	697
Other capital gains	676	(202)	*	177	(73)	499
Other income	12	47	(73%)	1	10	11
Total income	**1,418**	**(438)**	*	**180**	**(181)**	**1,238**
Change in impairments	(353)	(20)	*	9	(20)	(362)
Net revenues	1,065	(458)	*	189	(201)	876
Staff expenses	(16)	(44)	(63%)	(5)	(21)	(11)
Other operating and administrative expenses	(75)	(187)	(60%)	(41)	(111)	(34)
Total expenses	**(91)**	**(231)**	**(61%)**	**(46)**	**(132)**	**(45)**
Profit before taxation	**974**	**(689)**	*	**143**	**(333)**	**831**
Income tax expenses	(230)	60	*	(62)	8	(168)
Net profit for the period	**744**	**(629)**	*	**81**	**(325)**	**663**
Net profit attributable to non-controlling interests	-	-	*	-	-	-
Net profit attributable to shareholders	**744**	**(28,041)**	*	**81**	**(29,351)**	**663**
Results on divestments	-	(27,412)	*	-	(29,026)	-
Net profit attributable to shareholders before results on divestments	**744**	**(629)**	*	**81**	**(325)**	**663**
Eliminations	(8)	13	*	(3)	4	5
Net profit attributable to shareholders after eliminations	**736**	**(616)**	*	**78**	**(321)**	**668**

- Net profit of EUR **736 million**
  - **EUR 697 million capital gain on the 25%+ 1 share disposal of AG Insurance**
  - **EUR 301 million net of tax charge related to the legal dispute with Fortis Capital Company Ltd**
- Value call option on BNP Paribas shares at EUR **581 million** net-of-tax
- Fair value of RPN(I) at EUR **316 million**
  - **Valuation methodology refined towards techniques used to value derivatives**

The General Account comprises the holding companies and various financing vehicles that have been used to issue debt to finance Fortis' insurance activities and previously owned banking activities. The General Account manages shareholders' equity, provides back-to-back funding to the operating entities, incorporates the corporate centre of Fortis and includes the value of the various legacy assets and liabilities.

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

- Fortis SA/NV and Fortis N.V., the two holding companies
- Fortis Brussels SA/NV and Fortis Utrecht N.V., two sub-holding companies which primarily hold all the assets of Fortis SA/NV and Fortis N.V.
- Fortis Insurance N.V., the holding company for the insurance entities
- Financing vehicles: Fortis Finance N.V., Fortfinlux SA; FGF Lux SA; Fortinvestlux SA; and Fortis Hybrid Financing S.A.

The net profit of the General Account reached EUR 736 million for the full year 2009. The net result of the General Account is largely explained by the realized capital gain on the disposal of 25%+1 share of AG Insurance to Fortis Bank for EUR 697 million.

The result of the General Account also includes the financial impact of the various legacy assets and liabilities including those linked to the sale of Fortis Bank and the Dutch Insurance and Banking activities. The combined impact on net results of these items was however limited:

- The fair value of the future quarterly interest payments related to the Relative Performance Note (RPN(I)) of EUR 316 million negative. In 2009, Fortis paid EUR 3 million on the RPN(I).
- The net-of-tax value of the call option related to the BNP Paribas shares held by SFPI/FPIM of EUR 581 million
- A net-of-tax charge of EUR 301 million related to the write-down of the claim on Fortis Bank Nederland (FBN) and Fortis Capital Company.

The valuation of Fortis stake in Royal Park Investments remained stable and did not affect the results of the General Account.

The remainder of the results of the General Account are explained by the financial revenues and the costs related to the holding activities.

Please find underneath a more detailed explanation of the main elements explaining the results of the General Account.
We refer to the half year 2009 press release of 27 August 2009 for more details on the valuation and accounting principles applied. Hereafter you will find an update of the main assumptions used by item at year-end.

Fair value RPN(I)

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

Mechanism

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

This reference amount is defined as the difference between EUR 3.0 billion and the market value of the CASHES as quoted by the Luxembourg stock exchange less the difference between EUR 2.35 billion and the market value of 125,313,283 million Fortis' shares. If the reference amount is positive, Fortis Bank SA/NV pays interest on the reference amount by Fortis. If it is negative, Fortis pays interest on the reference amount to Fortis Bank SA/NV.

Reference values

On 31 December, the CASHES closed at 54.4% and the Fortis share at EUR 2.62. The reference amount was therefore EUR 654 million on that date. On 30 December 2009, the 3-month EURIBOR stood at 0.7% In total Fortis paid EUR 3 million interest on the RPN(I) in 2009 (period starting on 12 May 2009)

Valuation approach and assumptions

Fortis records the RPN(I) at fair value through profit or loss. As no observable market price of the RPN(I) is available, Fortis estimates the fair value of the RPN(I) using a level 3 valuation technique (discounted cash flow model), based on valuation techniques traditionally used to value financial derivative instruments : arbitrage-free pricing and Monte Carlo simulations.

Assumptions

As at 31 December 2009 Fortis used the following refinements to the model :

- Fortis share prices have been projected using a standard geometric Brownian motion (Black Scholes model), assuming an initial share price of EUR 2.62 (closing price on 31 December 2009), a dividend yield consistent with the proposed dividend policy, and a share price volatility of 42% estimated based on market data for the last three months of 2009.
- The price of CASHES has been projected based on forward spread curves applicable to CASHES with an additional stochastic perturbation, calibrated on the market value of the CASHES of 54% on 31 December 2009. 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 2009 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), as well as for the payment of a one-off extraordinary dividend in 2016 of the value of the BNP Paribas option.

- Projected future interest payments have been discounted at a relevant discount rate reflecting the risk associated with Fortis liabilities such as RPN(I), consistent with a fixed spread of 545 basis points.

The fair value of the RPN(I) is the average net present value of the projected future payments based on the above assumptions in 750 different stochastic scenarios.

Conclusion

As a result, the fair value of the future interest payments related to Relative Performance Note (RPN) at 31 December 2009 amounted to EUR 316 million, compared to EUR 344 million as at 30 September 2009. This amount is recorded as a loss under “Other realized and unrealized gains and losses” in the Income Statement.

Sensitivity analysis

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

- An increase in the initial price of the Fortis share to EUR 2.90 decreases the fair value by EUR 11 million to EUR 305 million; a decrease in the starting value to EUR 2.30, increases the fair value by EUR 11 million to EUR 327 million
- An increase in the market value of the CASHES to 60% increases the fair value by EUR 69 million to EUR 385 million; a decrease to 48% reduces the value by EUR 75 million to EUR 241 million.
- A steepening of the risk free interest curve leading to an increase of 100 bps of the 30y risk free rate increases the fair value by EUR 26 million to EUR 342 million; a flattening of the curve leading to a decrease of 100 bps of the 30y risk free rate reduces the value by EUR 36 million to EUR 280 million
- A decrease in the discount rate of 100 bps increases the fair value by EUR 34 million to EUR 350 million; an increase of 100 bps reduces the fair value by EUR 28 million to EUR 288 million

Assuming more favourable conditions for the four key parameters in the model, (CASHES at 48%, initial Fortis share price of EUR 2.90, a flatter risk free yield curve and discount rate +100 bps) the fair value of the RPN(I) decreases to EUR 180 million.

Assuming less favourable conditions for the four key parameters in the model (CASHES at 60%, initial Fortis share price of EUR 2.30, a steeper risk free yield curve and discount rate – 100 bps) the fair value of the RPN(I) increases to EUR 493 million.

The RPN(I) valuation model shows no material sensitivity to the assumed share price volatility and dividend yield of the Fortis share.

State guarantee

The Belgian State has issued a state guarantee on the RPN(I) interests paid by Fortis, to the benefit of Fortis Bank SA/NV. Fortis pays the Belgian State an annual fee of 70 bps of the reference amount of this guarantee. To secure the payment of the fee and the recourse of the Belgian State in case of default, Fortis granted the Belgian State a pledge on maximum 20% of the shares of AG Insurance.

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

Using the same methodology as in the past quarters, Fortis estimated the value of the 121.2 million BNP Paribas options to be EUR 880 million before tax as per 31 December 2009, compared to EUR 730 million end of June. The calculation is based on a standard Black-Scholes model. The following table provides an overview of the main parameters used, including an overview of the assumptions on 30 June 2009.

	31 December 2009	30 June 2009
BNP Paribas share price (EUR)	55.5	46.25
Strike price (EUR)	66.672	68.00
Volatility	27%	30%
Dividend yield	3.565%	3.068%
Price option (EUR)	10.37	8.60
Theoretical value of 121.2 options (EUR mio)	1,257	1,042
Haircut because of non-standard features call option	30%	30%
Estimated value befort tax	880	730

On 29 September 2009, BNP Paribas launched a rights issue with pre-emptive rights. Subsequent to the closing of this issue on 13 October 2009, the calculation recomputed the final strike price of the call option resulting in an adjustment of the strike price from EUR 68 to EUR 66.672 per share.

The applied volatility has a relatively important impact on the outcome, a change in the implied volatility of 5 % on 31 December 2009 results in 25% change in the value of the option.

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

As already indicated in the half year 2009 results, the Belgian Ruling Commission has confirmed that the attribution of the BNP Paribas option is not a taxable event in the hands of Fortis SA/NV. The effective taxation of gains realized upon monetization or exercise of the option is currently investigated by Fortis. Awaiting a final outcome of this investigation and taking into account the stringent IFRS rules, Fortis has recognized a deferred tax liability of EUR 299 million related to the value of the option. As a result, the valuation net-of-tax as at 31 December 2009 amounted to EUR 581 million. Fortis believes it is likely that it will be able to achieve a situation in which it will not have to pay corporate income tax when the gains on the option will be realized and thus be able to propose, to the extent permitted by law, to dividend out the gross proceeds.

Claim on Fortis Bank Nederland and Fortis Capital Company

The results of the General Account were influenced by a charge of EUR 301 million (net-of-tax), related to the write down of the claim on Fortis Bank Nederland (FBN) and Fortis Capital Company Ltd. (FCC) in the context of the legal dispute around the Class A1 Preference shares issued by FCC, a subsidiary of FBN, for which Fortis SA/NV and Fortis N.V. had granted support agreements. On 26 June 2009 Fortis has been obliged by a Dutch court to make an immediate payment of EUR 362 million with respect to its alleged obligations related to the redemption of the Class A1 Preference Shares issued by FCC. This followed an announcement by FCC that it would not exercise its first call and would not redeem the above mentioned shares. Fortis was forced to pay the amount. However, Fortis believes it should be compensated for this payment and therefore it started a procedure on the merits against the Dutch State, Fortis Bank Nederland and FCC on 24 August 2009. The claim on FBN and FCC has been fully impaired as per 31 December 2009.

Royal Park Investments (RPI)

The value of the original investment in RPI, for a total amount of EUR 760 million and accounted for under ‘Investments in associates’, remained unchanged as at 31 December 2009. The investment in RPI is accounted for under the equity method.

Related to this, Fortis made a final review of the accounting method to be used for the RPI investment. The acquisition by RPI of the asset portfolio and related funding by RPI is treated as a business combination under IFRS, the asset portfolio is subsequently recorded at fair value through profit and loss.

For Fortis' purposes, RPI's balance sheet under B-GAAP is restated for reporting purposes into an IFRS balance sheet, as stated below:

	IFRS In EUR 12-5- 2009	IFRS In EUR 31-12-2009
Assets		
Securities	8,240	7,230
Deferred tax assets	1,191	943
Goodwill	2,323	1,724
Other assets	0	281
Total Assets	11,754	10,152
Liabilities and shareholders' equity		
Liabilities		
Other liabilities		237
Commercial paper		1,431
Funding, super senior	5,027	3,375
Funding, senior	5,027	3,409
Total Liabilities	10,054	8,452
Shareholders' equity		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Total shareholders' equity	1,700	1,700
Total Liabilities and shareholders' equity	11,754	10,152

End 2009 RPI's balance sheet consisted of :

- A loan portfolio of EUR 7.2 billion (at fair value)
- A deferred tax asset of EUR 0.9 billion related to the difference between the IFRS book value and the amortised cost of the portfolio
- An amount of goodwill calculated in the opening balance sheet on 12 May 2009 as the difference between the purchase price of the acquired assets portfolio and the fair value of the portfolio; On 12 May 2009, goodwill amounted to EUR 2.3 billion.
- Financing consisting of a super senior debt tranche of EUR 3.4 billion and EUR 4.8 billion senior debt of which EUR 1.4 billion commercial paper. End of February, the commercial paper programme replaced the total amount of senior debt from Fortis Bank.

Taking into account the current financing structure, the average financing cost of RPI amounts to IBOR + 48 basis points on EUR 8.2 billion outstanding debt , compared to an average interest revenue of IBOR + 50 basis points on the face value of the portfolio. (EUR 17.9 billion)

Total interest payments and principal collections for the year amounted to EUR 141 million and EUR 1.1 billion respectively. As RPI only has assets in run off and goodwill normally represents future business value, the goodwill amount mentioned above is expected to be impaired each quarter in line with the expected unwinding of the future results, unless a substantial improvement of the expected cash flows from the portfolio would occur. For 2009, the result before goodwill impairment amounted to EUR 0.6 billion. Due to the impairment of the goodwill related to the loan portfolio amounting to EUR 0.6 billion, the IFRS based net result for RPI was nil.

Finally, at Fortis' level the impairment test on the equity investment, based on the expected discounted cash flows from RPI didn't reveal a need to impair.

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

Other items General

Net interest income amounted to EUR 15 million for the full year. In the first half of the year, Fortis was able to benefit from a funding structure with Fortis Bank with a relatively high yield. In the course of June this structure has been unwound. Fortis retained a positive cash situation throughout the year, but the return came down as a result of the unwinding of the structure with Fortis Bank. The steep yield curve with relatively low short term rates depress interest income on EURIBOR yielding assets whereas interest expenses are based on liabilities with relatively high fixed rates resulted in a negative net interest income in the second half of 2009 of EUR16 million compared to EUR 31 million positive in the first half.

Realised capital gains of EUR 715 million include the capital gain on the sale of 25% of AG insurance (EUR 697 million) and the capital gain realized in the context of the restructuring of the shareholding of Muang Thai in Thailand (EUR 17 million)

The positive result of EUR 676 million in **Other capital gains**, is mainly explained by:

- EUR 29 million related to the variance on the value of the relative performance note (RPN) in order to bring it to zero (see Q1 09 trading update of 14 May 2009)
- EUR 316 million charge related to the fair value of the future interest charges based on the RPN.
- EUR 880 million related to the fair value before tax of the call option on the BNP Paribas shares
- EUR 83 million related to the fair value adjustment of the mandatory exchangeable portfolio and favourable value developments of credit default swaps.

Other income declined with EUR 34 million as a lower amount of corporate costs were charged to the operating entities in line with the FTE reduction of the corporate centre.

Second half **total expenses** remained in line with the first half and totalled EUR 90 million for 2009. One-off items related to separation and legal costs continue to impact expenses, the remainder being mainly corporate staff related costs.

Change in impairments relates mainly to the charge taken on the claim on Fortis Bank Nederland to compensate for the cash payment of EUR 362 million to the preference shareholders of FCC Ltd.

Income tax expenses include the deferred tax charge of EUR 299 million on the call option related to the BNP Paribas shares minus EUR 61 million tax benefits related to the write-down on the claim on Fortis Bank Nederland to compensate for the cash payment to FCC holders.

Contingent liabilities

The AFM has levied a fine on Fortis SA/NV and Fortis N.V. of EUR 576,000 for breaches of the Dutch Securities Act. 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 from 5 to 25 June 2008, investors may allege to have traded on not fully correct information. Fortis challenges any allegations of wrongdoing and has appealed the decision of the AFM.

For more information on the contingent liabilities we refer to the ‘Contingent Liabilities’ section in annex 8.

The main elements of the statement of financial position of the General Account are summarised in the table below.

in EUR million	31 Dec 09	31 Dec 08
Cash and cash equivalents	4,272	2,509
Due from banks short term		6,078
Due to banks short term	(368)	(1,826)
Debt certificates	(915)	(4,812)
Net cash position	**2,989**	**1,949**
Due from customers	967	1,453
Due from banks long term	900	6,661
Due to banks long term		(4,750)
Subordinated liabilities	(2,917)	(2,946)
Other borrowings	(45)	(65)
Receivable on balance	**(1,095)**	**353**
Accruals and other	913	729
Equity General	**2,807**	**3,031**

The net cash position of General on 31 December 2009, assuming full redemption of the European Medium Term Notes (EMTN) programme, remained nearly unchanged at EUR 3.0 billion compared to the end of June 2009. On 8 November, Fortis Finance N.V., a subsidiary of Fortis, launched a voluntary public offer in cash on the outstanding debt under the EMTN programme as well as on the remaining Inflation Linked Notes outstanding. The bid closed on 30 November and an additional EUR 52.7 million has been redeemed. After the closing of the bid EUR 915 million remained outstanding. Holders of the notes continue to be able to ask for redemption of their notes according to a pre-determined cycle of cut-off dates.

The decrease of the lines 'Due to Banks long term' and 'Due from Banks long term' reflects the earlier mentioned unwinding of a EUR 5.7 billion financing structure with Fortis Bank in the course of June.

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

- Due to banks short term : loans due to Fortis Bank SA/NV in the context of the normal treasury activities
- Due from customers: a loan provided to AG Insurance (EUR 900 million related to Hybrone and part of NITSH II) and some other loans to (former) group companies
- Due from banks long term: loans made to Fortis Bank SA/NV (related to the NITSH I & II financial instruments)
- Due to banks long term: long term borrowing from Fortis Bank SA/NV
- Subordinated liabilities: the sum of the outstanding amounts on the financial instruments called NITSH I & II (EUR 1.2 billion), FRESH (EUR 1.1 billion) and Hybrone (EUR 500 million)
- Accruals and other : Various items among others the transaction related items such as RPN(I) (EUR 316 million), the BNP Call option and related deferred tax charges (EUR 581 million)

Investment portfolio and capital position

Update on investment portfolio and other exposures

The table below provides a breakdown of Fortis available for sale (AFS) investment portfolio and its real estate exposure, both at market value. The total value of the portfolio increased to EUR 56.4 billion from EUR 48.1 billion at year-end 2008 reflecting both new business flows and a revaluation of assets.

The profile of the investment portfolio and the way it is managed reflect the long term nature of the liabilities towards policy holders. The vast majority of assets is invested in fixed income securities with high ratings and relative long durations. The fixed income portfolio and other assets are managed according the Buy and Hold philosophy. In addition, real estate investments represent an important asset class for Fortis as it generates fixed revenue streams and it provides a natural hedge against inflation risk. Finally, also equity securities are considered as an asset class that should be part of our investment mix to a certain extent as it could provide, over a longer period, excess returns for the benefits of both shareholders and policy holders.

Available for sale portfolio plus real estate at fair value

	in EUR billion		as %	
	FY 09	FY 08	FY 09	FY 08
Fixed Income securities	51.2	43.6	91%	91%
Equity securities	1.6	1.3	3%	3%
Real estate investment property	2.2	1.8	4%	4%
Real estate for own use	1.4	1.4	2%	3%
Total	**56.4**	**48.1**	**100%**	**100%**

Fixed income portfolio

Fixed income securities form more than 90% of the investment portfolio per end of 2009. The breakdown in various segments remained almost stable compared to the end 2008 with about 65% invested in government bonds, 34% in corporate bonds and the remaining 1% in structured credits. The average credit quality of the bond portfolio has remained high; 99% of the portfolio is investment grade, 89% is rated A or higher and 59% AA or AAA.
At 31 December 2009 gross unrealized gains on bonds amounted to EUR 1.5 billion of which EUR 0.9 billion related to government bonds and EUR 0.6 billion to corporate bonds.

The increased uncertainty around some sovereign countries in Europe, made Fortis decide to reduce its risk on Greece end 2009 (EUR 850 million) . The re-balancing of exposures in the fourth quarter had a negative net-of-tax impact of EUR 16 million recorded at AG Insurance. In the first months of 2010, Fortis continued to manage its government bond exposure and until 3 March 2010 it sold around EUR 1.5 billion of Italian bonds in addition. The direct impact of the re-balancing of the investments on result will be limited.

The following table provides an overview of the evolution of the government bond portfolio by country of origin in 2009:

(EUR mio)	Fair value		Gross unrealized gains (losses)	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
Belgium	6,941	4,960	369	348
The Netherlands	682	387	18	25
Germany	1,675	556	43	41
Italy	8,913	8,568	315	(30)
France	1,718	809	80	68
Great Britain	554	600	8	35
Greece	4,077	5,001	(241)	(217)
Spain	2,002	738	58	41
Portugal	3,072	2,957	109	104
Austria	1,556	825	29	23
Ireland	598	557	18	16
Others	1,647	1,584	64	91
Total	**33,435**	**27,542**	**870**	**545**

In 2009, total unrealized gains on sovereign bonds increased by EUR 0.3 billion as spreads decreased for most countries except Greece which spreads materially widened.

The impact of changes in sovereign yields on the book value of Fortis depends on the size of the bond position, the modified duration of the bonds, the applicable profit sharing rules, taxation and the impact of minorities. For the Greek bonds the sensitivity of net equity of Fortis for changes in the yield of Greek bonds is estimated to be in the range of EUR 1.2 to 1.4 million for every 1 basis points parallel change in yield by the end of 2009. For Spanish, Portuguese and Italian bonds the respective sensitivities are in the range of EUR 0.7 to 0.8 million, EUR 0.8 to 0.9 million and EUR 3.3 to 4.0 million for every one basis point change in yields.

Fortis does not take into account the unrealized gains on bonds for the calculation of its solvency. Changes in yields do have an impact on net equity but do not influence solvency. Only when assets are sold or impairments are taken, the capital position shall be affected.

Corporate bonds amount to EUR 17.4 billion. Financials or financials-related companies (EUR 8.4 billion) and government agencies & supra-nationals such as European Investment Bank, (EUR 6.5 billion) are the dominant sectors within the portfolio; 99% of the portfolio is investment grade, 93% is rated A or higher and 71% AA or AAA. The relatively high ratings are of corporate bonds is, amongst others, related to the high proportion of supranational financials and the exposure to debt issuances by infrastructure groups.

Equities portfolio

The equities investment portfolio classified as 'Available For Sale' evolved from EUR 1.3 billion at the end of 2008 to EUR 1.6 end of December 2009. Following the continued uncertainty in the financial markets Fortis further reduced its equities proportion in its investment portfolio in the first half of 2009, resulting in a loss of EUR 27 million pre-tax. In the second half of 2009, Fortis started to increase the equities portion of its investment portfolio. Positive revaluations also contributed to the increase of the position. Investments in real estate funds, bond funds and money market funds are also classified as equities. End of 2009 these funds amounted to EUR 0.6 billion with the majority invested in real estate funds.

Real estate portfolio

- The total value of Fortis' real estate portfolio slightly increased to EUR 3.6 billion, split between EUR 2.2 billion in investment property and EUR 1.4 billion in buildings for own use.

- End 2009 **Fortis Real Estate (FRE)**, a 100% subsidiary of AG Insurance, had assets under management for EUR 3.9 billion portfolio, of which part classified as real estate funds. In addition to the management of the Group asset management, Fortis Real Estate also manages EUR 1.3 billion real estate assets on behalf of third parties. Total investments in 2009 amounted to EUR 400 million, mainly in warehouses, office buildings and shopping malls in Belgium.

The offices in the portfolio are mainly located in the Brussels area, which is renowned for its relatively low volatility compared with other European markets, thanks to the presence of the European Union. The commercial assets are almost exclusively situated in major shopping centres in Belgium. FRE owns 90% of Interparking, one of the largest European car park operators. The latter are spread over seven European countries and are located in proximity to city centres, hospitals, railway stations, airports and tourist attractions. Leases are often of long duration. The diversification strategy is designed to protect against the effects of downturns and should allow the seizure of any investment opportunity that may arise in the various real estate segments. It acquired the parking facility Metropark in Spain (accounted for in 2010).

The unrealised gain after tax on the real estate portfolio after profit sharing amounted to EUR 0.6 billion end 2009, nearly unchanged compared to end 2008. The unrealized gain after tax is not reflected in net equity, as real estate exposure is booked at amortised cost.

Capital position

In the context of its strategic review, Fortis assessed its capital framework and capital needs in view of the new composition of the Group. Through a bottom up review of the capital requirements for each of the individual businesses, Fortis concluded that, for the time being, it would like to keep the current strong capitalisation levels for its operating companies. It believes that these capital levels are justified particularly in the wake of the period of uncertainty in the past year. Furthermore it demonstrates to customers and other stakeholders the company's commitment to remain one of the best capitalised companies in Europe.

Current capital levels do reflect the specific characteristics of each of the businesses and are also based on capital requirement needs in view of the planned local organic growth and the local rating and solvency requirements.

The current capitalisation levels reflect the specific characteristics of each of its businesses including the commitments resulting from agreements with its partners. Retaining a strong capital base in the individual insurance operations is also necessary in order to fund the capital requirements resulting from the significant organic growth that is planned while satisfying the local rating and solvency requirements.

Fortis expects to maintain a minimum aggregate solvency ratio of 200% of the regulatory requirement. A further review of the capital requirements in each of its businesses could lead to a revision of this target in the future and a possible release of capital over time, although no such review is expected to take place before the introduction of Solvency 2 (expected in 2012).

At the time of the publication of its strategic review end of September, Fortis introduced the concept of **discretionary capital**[9]. At the end of December discretionary capital remained constant at EUR 1.3 billion, after including the dividend proposal.

9 *Discretionary capital is defined as the lower of the available cash and the total capital of the General Account corrected for (contingent) illiquid assets and existing investment commitments*

Capital ratios

Key Capital Indicators

	FY 09	FY 08
AG Insurance		
Shareholders' equity	2,860	2,785
Core equity	3,511	2,890
Total available capital	4,120	3,535
Minimum solvency requirements	2,008	1,871
Amount of total capital above minimum solvency requirements	2,112	1,664
Core solvency ratio	174.9%	154.5%
Total solvency ratio	205.2%	188.9%
Fortis Insurance International		
Shareholders' equity	2,684	2,009
Core equity	2,552	1,767
Total available capital	2,246	1,555
Minimum solvency requirements	748	654
Amount of total capital above minimum solvency requirements	1,498	901
Core solvency ratio	341.2%	270.2%
Total solvency ratio	300.3%	237.8%
Total Insurance		
Shareholders' equity	5,544	4,794
Core equity	6,065	4,657
Total available capital	6,366	5,090
Minimum solvency requirements	2,756	2,525
Amount of total capital above minimum solvency requirements	3,610	2,565
Core solvency ratio	220.1%	184.4%
Total solvency ratio	231.0%	201.6%
General (after eliminations)		
Shareholders' equity	2,806	2,000
Core equity	2,514	3,225
Total		
Shareholders' equity	8,350	6,795
Core equity	8,578	7,882
Total available capital	8,731	8,169

Fortis' core equity amounted to EUR 8.6 billion on 31 December 2009 and exceeded the total consolidated regulatory minimum requirements of the insurance operations by EUR 5.8 billion. Total available capital of the insurance operations amounted to EUR 6.4 billion with a solvency ratio of 231% and compared to the legally required minimum of EUR 2.8 billion. The solvency ratio of AG Insurance and Fortis Insurance International amounted to 205% and 300% respectively. Minimum solvency requirements increased by 9% in 2009 due to new business volumes in Life and increases in the value of unit-linked reserves and the acquisition of UBI Assicurazioni.

Reconciliation of shareholders' equity with total capital

The reconciliation of Fortis' shareholders' equity with total capital as at 31 December 2009 is shown below.

Fortis' Core Equity

in EUR million

	FY 09	FY 08	H1 09
Share capital and reserves	6,387	34,394	6.421
Net profit attributable to shareholders	1,192	(28,022)	886
Unrealized gains and losses	771	423	379
Shareholders' equity	**8,350**	**6,795**	**7,686**
Non-innovative capital hybrid instruments (FRESH, NITSH I & II)	1,496	1,474	1,495
Non-controlling interests	1,654	515	1,323
Revaluation of real estate at fair value	559	526	503
Revaluation of debt securities, net of tax and shadow accounting	(811)	(375)	(399)
Revaluation of equity securities, net of tax and shadow accounting	(10)		
Goodwill	(650)	(531)	(531)
Participation Royal Park Investments	(760)		(760)
Expected dividend	(201)		
Expected dividend (related to call option on BNP Paribas shares)	(581)	-	(482)
Other	(468)	(522)	(514)
Core equity	**8,578**	**7,882**	**8,321**
Innovative capital instruments	495	456	412
Subordinated loans	29	67	26
Other prudential filters and deductions from total capital	(371)	(236)	(261)
Total capital	**8,731**	**8,169**	**8,498**

Participating interests that are not fully consolidated are deducted from total capital. The core equity instruments issued by the Fortis group and lent on to Fortis Bank SA/NV (NITSH I and part of NITSH II for a total of EUR 900 million) are not included with the non-innovative hybrid instruments in the table above. The core equity calculation includes 90% of unrealised net-of-tax gains on real estate at AG Insurance and 100% of the unrealised gains on the remainder of the real estate portfolio. The value of the call option on BNP Paribas shares has been qualified as an expected dividend, as Fortis will propose to dividend out the potential proceedings of the contemplated structure. As a result this amount is deducted from core equity.

The goodwill increased from EUR 531 million to EUR 650 million due to the preliminary goodwill accounted for the acquisition of the 50% stake in UBI Assicurazioni in Italy (EUR 128 million). The increased non-controlling interests are related to the sale of the 25%+1 share stake of AG Insurance.

Audit statement

The joint auditors have substantially completed their audit of the 2009 Consolidated Annual Financial Statements. On the basis of the current status of their audit activities, the joint auditors anticipate that their audit report will be unqualified and will include emphasis of matters relating to (a) uncertainties surrounding the outcome of the legal proceedings and (b) the 2008 comparative figures included in the disclosure on the data pertaining to discontinued operations.

The Consolidated Quarterly Financial Report and the Investor Presentation are available on our website: www.fortis.com

Analyst and Investor conference call
Wednesday 10 March
09.30 CET (08.30 UK Time)
Audiocast: www.fortis.com
Listen only (access code 605116#):
+ 44 207 750 9926 (United Kingdom)
+ 32 2 404 03 05 (Belgium)
+ 1 703 621 9123 (US)
Replay: available until 10 April 2010 (PIN: 305539#)
+ 32 2 401 89 89 (Belgium)

Press conference
Wednesday 10 March
Brussels, Auditorium at Rue Royale 20,
11.30 CET (10.30 UK Time)
Webcast: www.fortis.com
Listen only: (access code 463260#)
+ 44 207 750 9926 (United Kingdom)
+ 32 2 404 03 05 (Belgium)
+ 31 20 713 3488 (Netherlands)
Lines will be open ten minutes before the presentation starts, so please dial in five to ten minutes in advance.

Fortis is an international insurance company with a heritage spanning more than 180 years. Ranked among the top 20 insurance companies in Europe, Fortis has chosen to concentrate its business activities in Europe and Asia which together make up the largest share of the global insurance market. It is an undisputed leader in the Belgian market for individual life and employee benefits, as well as a leading non-life player through AG Insurance. Internationally Fortis has a strong presence in the UK, where it is the 2rd largest player in private car insurance. Fortis has also subsidiaries in France, Germany, Turkey and Ukraine and Hong Kong. In addition Fortis has a strong track record in developing partnerships with key partnerships in different markets and successfully operates partnerships in Luxembourg, Italy, Portugal, China, Malaysia, India and Thailand. Fortis employs more than 10,000 people and has annual inflows in the region of EUR 15 billion.

The assets that comprise Fortis include a 75% share of AG Insurance; 100% of Fortis Insurance International; a 45% stake in Royal Park Investments – a structured credit portfolio vehicle – and other financial assets and liabilities of various financing vehicles.

Annex 1 : Consolidated Statement of Financial Position as per 31 December 2009
Annex 2 : Income Statement as per 31 December 2009
Annex 3 : Key performance indicators
Annex 4 : Half year data per segment
Annex 5 : Comparative inflow data
Annex 6 : Inflows per region
Annex 7 : Tangible net equity
Annex 8 : Contingent liabilities

Annex 1: Consolidated Statement of financial position as per 31 December 2009

Consolidated statement of financial position

	31 December 2009	31 December 2008
Assets		
Cash and cash equivalents	5,636	5,933
Financial investments	53,070	45,132
Investment property	1,653	1,290
Loans	4,132	16,404
Investments related to unit-linked contracts	20,695	18,040
Investments in associates	1,322	431
Reinsurance and other receivables	1,264	1,154
Current tax assets	103	73
Deferred tax assets	53	117
Call option BNP Paribas shares	880	
Accrued interest and other assets	1,848	1,795
Property, plant and equipment	1,108	1,135
Goodwill and other intangible assets	1,376	1,366
Assets held for sale	103	
Total assets	**93,243**	**92,870**
Liabilities		
Liabilities arising from life insurance contracts	22,931	21,855
Liabilities arising from life investment contracts	24,333	21,607
Liabilities related to unit-linked contracts	20,773	18,078
Liabilities arising from non-life insurance contracts	4,934	4,289
Debt certificates	915	4,670
Subordinated liabilities	2,850	2,908
Borrowings	2,774	9,086
Current tax liabilities	106	75
Deferred tax liabilities	1,025	609
RPN(I)	316	
Accrued interest and other liabilities	2,209	2,312
Provisions	34	71
Liabilities related to assets held for sale	39	
Total liabilities	**83,239**	**85,560**
Shareholders' equity	8,350	6,795
Non-controlling interests	1,654	515
Total equity	**10,004**	**7,310**
Total liabilities and equity	**93,243**	**92,870**

Annex 2: Income Statement as per 31 December 2009

Income statement

		FY 09		FY 08
Income				
- *Gross premium income*	*9,248*		*8,461*	
- *Change in unearned premiums*	*(32)*		*(13)*	
- *Ceded earned premiums*	*(193)*		*(197)*	
Net earned premiums		9,023		8,251
Interest, dividend and other investment income		3,123		3,660
Unrealised gain (loss) on Call option BNP Paribas shares		880		
Unrealised gain (loss) on RPN(I)		(316)		
Realised and unrealised gains and losses		953		(508)
Investment income related to unit-linked contracts		2,307		(3,191)
Share of result of associates		63		27
Fee and commission income		375		432
Other income		322		233
Total income		**16,730**		**8,904**
Expenses				
- *Insurance claims and benefits, gross*	*(9,290)*		*(8,221)*	
- *Insurance claims and benefits, ceded*	*65*		*121*	
Insurance claims and benefits, net		(9,225)		(8,100)
Charges related to unit-linked contracts		(2,325)		3,219
Finance costs		(498)		(1,343)
Change in impairments		(467)		(558)
Change in provisions		42		(49)
Fee and commission expense		(972)		(912)
Staff expenses		(640)		(644)
Other expenses		(1,015)		(994)
Total expenses		**(15,100)**		**(9,381)**
Profit before taxation		**1,630**		**(477)**
Income tax expenses		(318)		(108)
Net profit before result of discontinued operations		**1,312**		**(585)**
- Attributable to non-controlling interests		120		25
- Attributable to shareholders		**1,192**		**(610)**
Net result of discontinued operations				(27,412)
Net profit attributable to shareholders		**1,192**		**(28,022)**
Per share data (EUR)				
Basic earnings per share		0.48		(12.21)
Basic earnings per share before net result of discontinued operations		0.48		(0.27)
Diluted earnings per share		0.48		(12.21)
Diluted earnings per share before net result of discontinued operations		0.48		(0.27)

Annex 3: Key performance indicators

AG Insurance

Key Performance Indicators

	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Life						
Gross Inflow (in EUR million)	**5,352**	**4,817**	**11%**	**2,606**	**2,122**	**2,746**
- Individual Single	3,558	3,109	14%	1,662	1,275	1,896
- Individual Regular	671	688	(2%)	365	358	306
- Group Single	358	320	12%	207	148	151
- Group Regular	765	701	9%	372	341	393
New business life - APE (in EUR million)	437	419	4%	214	186	223
Non-Life						
Gross written premiums (in EUR million)	**1,515**	**1,465**	**3%**	**707**	**691**	**808**
- Accident & Health	439	436	1%	194	200	245
- Motor	472	447	6%	223	209	249
- Household	474	460	3%	229	225	245
- Other	130	124	5%	61	57	69
Technical Result (in EUR million)	**73**	**118**	**(38%)**	**55**	**60**	**19**
- Accident & Health	65	74	(12%)	36	43	29
- Motor	5	0	*	9	(19)	(4)
- Household	(21)	30	*	(5)	30	(16)
- Other	25	15	67%	15	7	10
Non-Life total						
Claims ratio	66.4%	65.0%		64.2%	64.8%	68.6%
Expense ratio	36.8%	35.9%		36.6%	35.9%	37.0%
Combined ratio	**103.2%**	**100.9%**		**100.8%**	**100.7%**	**105.6%**
Non-Life Property & Casualty						
Claims ratio	62.2%	59.8%		59.9%	60.6%	64.5%
Expense ratio	42.5%	42.0%		41.9%	42.1%	43.2%
Combined ratio	**104.7%**	**101.8%**		**101.8%**	**102.7%**	**107.7%**
Non-Life Accident & Health						
Claims ratio	76.7%	77.3%		75.1%	74.7%	78.2%
Expense ratio	22.6%	21.6%		22.9%	21.3%	22.4%
Combined ratio	**99.3%**	**98.9%**		**98.0%**	**96.0%**	**100.6%**

Key Performance Indicators

	FY 09	FY 08	Change	H2 09	H2 08	H1 09
No. of FTEs	5,635	5,542	2%	5,635	5,542	5,589
Regulatory Minimum Margin (in EUR million)	2,008	1,871	7%	-	-	1,924
Life						
Total Reserves - Life (in EUR million)	**45,378**	**41,779**	**9%**	**45,378**	**41,779**	**43,421**
- Insurance and investment contracts	38,808	35,878	8%	38,808	35,878	37,389
- Unit-linked contracts	6,570	5,901	11%	6,570	5,901	6,032
Non-Life						
Total Reserves - Non-life (in EUR million)	**2,973**	**2,893**	**3%**	**2,973**	**2,893**	**3,002**
Reserves / Premium ratio	202%	203%	(0%)	202%	203%	207%

Fortis Insurance International

Key Performance Indicators

	FY 09	FY 08	Change	H2 09	H2 08	H1 09
Life						
Gross Inflow (in EUR million)	**4,013**	**4,102**	**(2%)**	**2,221**	**1,899**	**1,792**
- Individual Single	3,160	3,244	(3%)	1,805	1,476	1,355
- Individual Regular	729	718	2%	374	372	355
- Group Single	12	14	(11%)	5	6	7
- Group Regular	112	126	(11%)	37	45	75
New business life - APE (in EUR million)	486	527	(8%)	275	256	211
Non-Life						
Gross written premiums (in EUR million)	**1,139**	**1,228**	**(7%)**	**562**	**594**	**577**
- Accident & Health	202	196	3%	96	92	106
- Motor	522	641	(19%)	236	318	286
- Household	284	299	(5%)	154	143	130
- Other	131	92	42%	76	41	55
Technical Result (in EUR million)	**12**	**109**	**(89%)**	**(4)**	**51**	**16**
- Accident & Health	1	6	(76%)	(1)	3	2
- Motor	(22)	38	*	(26)	18	4
- Household	41	57	(29%)	28	25	13
- Other	(8)	8	*	(5)	4	(3)
Non-Life total						
Claims ratio	77.2%	69.6%		79.1%	70.0%	75.3%
Expense ratio	30.5%	28.8%		30.2%	29.0%	30.8%
Combined ratio	**107.7%**	**98.4%**		**109.3%**	**99.0%**	**106.1%**
Non-Life Property & Casualty						
Claims ratio	77.9%	69.3%		79.9%	69.8%	75.8%
Expense ratio	31.1%	28.9%		30.2%	29.2%	31.9%
Combined ratio	**109.0%**	**98.2%**		**110.1%**	**99.0%**	**107.7%**
Non-Life Accident & Health						
Claims ratio	74.3%	71.2%		75.5%	70.9%	73.0%
Expense ratio	28.0%	28.0%		30.1%	28.0%	25.8%
Combined ratio	**102.3%**	**99.2%**		**105.6%**	**98.9%**	**98.8%**

Key Performance Indicators

	FY 09	FY 08	Change	H2 09	H2 08	H1 09
No, of FTEs	4,940	4,718	5%	4,940	4,718	4,687
Regulatory Minimum Margin (in EUR million)	748	654	14%	-	-	686
Life						
Total Reserves - Life (in EUR million)	**22,662**	**19,770**	**15%**	**22,662**	**19,770**	**20,450**
- Insurance and investment contracts	8,459	7,593	11%	8,459	7,593	7,998
- Unit-linked contracts	14,203	12,177	17%	14,203	12,177	12,452
Non-Life						
Total Reserves - Non-life (in EUR million)	**1,998**	**1,432**	**40%**	**1,998**	**1,432**	**1,594**
Reserves / Premium ratio	194%	131%	49%	194%	131%	158%

Annex 4: Half year data per segment

AG Insurance

Income Statement - Life

AG Insurance - Life

in EUR million	H2 09	H1 09	H2 08	H1 08	H2 07
Gross written premiums	2.318	2.451	1.754	2.323	2.251
Gross written premiums deposit accounting	288	295	368	372	515
Gross inflow Life	**2.606**	**2.746**	**2.122**	**2.695**	**2.766**
Technical result	**228**	**157**	**(88)**	**78**	**(89)**
Allocated capital gains	(26)	(46)	(132)	66	
Operating margin	**202**	**111**	**(220)**	**144**	**(89)**
Non-allocated other income and expenses	51	40	42	50	39
Profit before taxation	**253**	**151**	**(178)**	**194**	**168**
Income tax expenses	(64)	32	(97)	1	8
Net profit attributable to minority interests	46	10	2	3	3
Net profit attributable to shareholders	**143**	**173**	**(277)**	**192**	**173**

Income Statement - Non-Life

AG Insurance - Non-Life

in EUR million	H2 09	H1 09	H2 08	H1 08	H2 07
Gross written premiums Non-Life	**707**	**808**	**691**	**774**	**646**
Technical Result	55	19	60	58	82
Allocated capital gains	(4)	(5)	(12)	10	14
Operating margin	**51**	**14**	**48**	**68**	**96**
Non-allocated other income and expenses	5	7	13	3	(2)
Profit before taxation	**56**	**21**	**61**	**71**	**94**
Income tax expenses	(16)	2	(25)	(15)	(29)
Net profit attributable to minority interests	12	1	1		1
Net profit attributable to shareholders	**28**	**22**	**35**	**56**	**64**

Income Statement

AG Insurance

in EUR million	H2 09	H1 09	H2 08	H1 08	H2 07
Operating costs	**(218)**	**(209)**	**(206)**	**(199)**	**(195)**
Net profit attributable to shareholders	**171**	**195**	**(242)**	**248**	**237**

Fortis Insurance International

Income Statement - Life

Insurance International - Life *in EUR million*	H2 09	H1 09	H2 08	H1 08	H2 07
Gross written premiums	928	898	972	747	923
Gross written premiums deposit accounting	1,293	894	927	1,456	1,288
Gross inflow Life	**2,221**	**1,792**	**1,899**	**2,203**	**2,211**
Technical result	**30**	**35**	**(78)**	**54**	**36**
Allocated capital gains	3	1	(32)	(1)	11
Operating margin	**33**	**36**	**(110)**	**53**	**47**
Non-allocated other income and expenses	58	11	(7)	8	37
Profit before taxation	**91**	**47**	**(117)**	**61**	**84**
Income tax expenses	(13)	(15)	16	(15)	(13)
Net profit attributable to minority interests	**23**	**21**	**(14)**	**24**	**19**
Net profit attributable to shareholders	**55**	**11**	**(87)**	**22**	**52**

Income Statement - Non-Life

Insurance International - Non-Life *in EUR million*	H2 09	H1 09	H2 08	H1 08	H2 07
Gross written premiums Non-Life	**562**	**577**	**594**	**635**	**637**
Technical Result	**(4)**	**16**	**51**	**58**	**(59)**
Allocated capital gains	1	10	(4)	(1)	2
Operating margin	**(3)**	**26**	**47**	**57**	**(57)**
Non-allocated other income and expenses	11	11	(9)	12	(2)
Profit before taxation	**8**	**37**	**38**	**69**	**(59)**
Income tax expenses	(2)	(12)	(17)	(16)	13
Net profit attributable to minority interests	4	**3**	**5**	**4**	**3**
Net profit attributable to shareholders	**2**	**22**	**16**	**49**	**(49)**

Income Statement

Insurance International *in EUR million*	H2 09	H1 09	H2 08	H1 08	H2 07
Operating costs	**(194)**	**(198)**	**(200)**	**(193)**	**(226)**
Net profit attributable to shareholders	**57**	**33**	**(71)**	**71**	**3**

General Account

Income Statement

in EUR million

	H2 09	H1 09	H2 08	H1 08	H2 07
Net interest Income	(16)	31	(136)	(165)	(169)
Realised capital gains (losses) on investments	18	697	18	-	
Other capital gains	177	499	(73)	(128)	(196)
Other income	1	11	10	36	19
Total income	**180**	**1,238**	**(181)**	**(257)**	**(346)**
Change in impairments	9	(362)	(20)	-	
Net revenues	189	876	(201)	(257)	(346)
Staff expenses	(5)	(11)	(21)	(23)	(25)
Other operating and administrative expenses	(41)	(34)	(111)	(75)	(106)
Total expenses	**(46)**	**(45)**	**(132)**	**(98)**	**(131)**
Profit before taxation	**143**	**831**	**(333)**	**(355)**	**(476)**
Income tax expenses	(62)	(168)	8	52	44
Net profit for the period	**81**	**663**	**(325)**	**(303)**	**(432)**
Net profit attributable to minority interests	-	-	-	-	-
Net profit attributable to shareholders	**81**	**663**	**(29,351)**	**(303)**	**(432)**
Results on divestments	-	-	(29,026)	-	-
Net profit before results of divestments	**81**	**663**	**(325)**	**(432)**	**(432)**
Net profit after eliminations	**78**	**658**	**(321)**	**(294)**	**(433)**

Annex 5: Comparable Inflow data

Half Year inflow data

(EUR Mio)

By segment	FY 09	FY 08	Change	H2 09	H2 08	Change
AG Insurance						
Gross written premiums	4,769	4,077	17%	2,318	1,754	32%
Investment contracts without DPF	583	740	(21%)	288	368	(22%)
Gross Inflow Life	**5,352**	**4,817**	**11%**	**2,606**	**2,122**	**23%**
Gross Written premiums Non-Life	**1,515**	**1,465**	**3%**	**707**	**691**	**2%**
Total inflow AG Insurance	**6,867**	**6,282**	**9%**	**3,313**	**2,813**	**18%**
Fortis Insurance International						
Gross written premiums	1,826	1,719	6%	928	972	(5%)
Investment contracts without DPF	2,187	2,383	(8%)	1,293	927	39%
Gross Inflow Life	**4,013**	**4,102**	**(2%)**	**2,221**	**899**	**17%**
Gross Written premiums Non-Life	**1,139**	**1,228**	**(7%)**	**562**	**594**	**(5%)**
Total Inflow Consolidated	**5,152**	**5,330**	**(3%)**	**2,783**	**2,493**	**12%**
Non-consolidated JVs at 100%	**3,773**	**3,010**	**25%**	**1,792**	**1,441**	**24%**
Total inflow FII	**8,925**	**8,340**	**7%**	**4,575**	**3,934**	**16%**
Total Inflow Fortis	**15,792**	**14,623**	**8%**	**7,888**	**6,748**	**17%**

By type	FY 09	FY 08	Change	H2 09	H2 08	Change
Life						
AG Insurance	**5,352**	**4,817**	**11%**	**2,606**	**2,122**	**23%**
Fortis Insurance International	**7,405**	**6,774**	**9%**	**3,845**	**3,183**	**21%**
Fully consolidated	4,013	4,102	(2%)	2,221	1,899	17%
Non-consolidated JVs at 100%	3,392	2,672	27%	1,624	1,284	26%
Total Inflow Life	**12,756**	**11,591**	**10%**	**6,451**	**5,305**	**22%**
Non-Life						
AG Insurance	**1,515**	**1,466**	**3%**	**707**	**691**	**2%**
Fortis Insurance International	**1,521**	**1,565**	**(3%)**	**730**	**751**	**(3%)**
Fully consolidated	1,139	1,228	(7%)	562	594	(5%)
Non-consolidated JVs at 100%	382	337	13%	168	157	7%
Total Gross written Premiums Non-Life	**3,036**	**3,031**	**0%**	**1,437**	**1,442**	**0%**
Total Inflow Fortis	**15,792**	**14,623**	**8%**	**7,888**	**6,748**	**17%**

Annex 6: Inflows per region

Key Figures per region

in EUR million

		Gross inflow Life					Gross Written premiums Non- Life					Total				
	% ownership	FY 09	FY 08	H2 09	H2 08	H1 09	FY 09	FY 08	H2 09	H2 08	H1 09	FY 09	FY 08	H2 09	H2 08	H1 09
Belgium	**75%**	**5,352**	**4,817**	**2,606**	**2,123**	**2,746**	**1,515**	**1,465**	**707**	**692**	**808**	**6,867**	**6,283**	**3,313**	**2,815**	**3,554**
United Kingdom	100%	**10**	**1**	**7**	**1**	**3**	**903**	**954**	**454**	**470**	**449**	**913**	**955**	**461**	**471**	**452**
Europe		***3,706***	***3,819***	***2,059***	***1,753***	***1,648***	***236***	***214***	***108***	***98***	***128***	***3,939***	***4,033***	***2,166***	***1,851***	***1,776***
Portugal	51%	2,163	2,238	993	1,032	1,170	214	192	101	91	113	2,377	2,430	1,094	1,123	1,283
France	100%	335	433	182	179	153						335	433	182	179	153
Luxembourg	50%/100%*	1,102	1,033	830	483	273	22	22	7	7	15	1,122	1,055	837	490	288
Ukraine	100%	2	4	1	1	1						2	4	1	1	1
Germany	100%	41	29	24	16	16						41	29	24	16	16
Turkey	100%	62	82	28	42	35						62	82	28	42	35
Asia		***3,689***	***2,955***	***1,780***	***1,429***	***1,909***	***382***	***337***	***168***	***157***	***214***	***4,071***	***3,292***	***1,948***	***1,586***	***2,123***
Consolidated entities																
Hong Kong	100%	297	282	156	145	141						297	282	156	145	141
Non- consolidated JVs at 100%																
Malaysia	31%	498	435	224	199	274	293	269	123	114	170	791	704	347	313	444
Thailand	31%/12%	456	358	224	183	232	89	68	45	43	44	545	426	269	226	276
China	25%	2,371	1,850	1,142	879	1,229						2,371	1,850	1,142	879	1,229
India	26%	67	30	34	23	33						67	30	34	23	33
Other								***61***		***26***			***61***		***26***	
Fortis Re- Insurance	100%							61		26			61		26	
General Total		**12,756**	**11,592**	**6,452**	**5,306**	**6,306**	**3,036**	**3,031**	**1,437**	**1,443**	**1,599**	**15,790**	**14,624**	**7,888**	**6,749**	**7,905**

Annex 7: Tangible net equity

Fortis' Tangible Net Equity

in EUR million

	FY 09	FY 08
Shareholders' equity	**8,350**	**6,795**
Revaluation of real estate at fair value	473	526
Goodwill	(1,410)	(531)
VOBA (Value of Business Acquired)	(487)	(549)
DAC (Deferred Acquisition Cost)	(508)	(421)
Other (ao parking management contracts)	(240)	(287)
Goodwill, DAC, VOBA related to minorities	396	319
Tax adjustment on DAC, VOBA & other	251	170
Total tangible net equity	**6,825**	**6,022**

Annex 8: Contingent Liabilities

This text forms an integral part of the Interim Financial Report and Annual Financial Statements, published separately.

Like any other financial institution, Fortis 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 between May 2007 and October 2008 (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), Fortis is involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium, the Netherlands and the USA, some of which could result in substantial but currently unquantifiable future liabilities for Fortis.

While some ongoing legal proceedings and investigations do not trigger any immediate risk of (material) monetary consequences for Fortis, 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 and the Netherlands to report on the September/October transactions (for the Belgian experts) and on the financing of the offer on ABN AMRO, the public statements from Fortis since the offer on ABN AMRO and on the September/October transactions (for the Dutch experts) and (ii) investigations conducted by supervisory authorities in the Netherlands (Authority for the Financial Markets - AFM) and Belgium (Banking, Finance and Insurance Commission - BFIC), as well as the criminal investigation conducted in Belgium.

On 5 February 2010, the AFM has levied a fine on Fortis SA/NV and Fortis N.V. of € 576.000 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. Fortis challenges any allegations of wrongdoing and has appealed the decision of the AFM.

Any negative findings of these ongoing investigations may lead to new proceedings against Fortis, including claims for compensatory damages being initiated against Fortis at a later stage. This may in particular be the case for the findings by the AFM which, subject to successful appeal by Fortis, have led the AFM to impose a fine as described above.

Ongoing lawsuits brought against Fortis in Belgium, the Netherlands and the US expose Fortis to the risk of court decisions to pay monetary damages to compensate the shareholders for some of their losses suffered since September 2007:

Various proceedings have been initiated by individual shareholders and shareholder organizations in Belgium and the Netherlands demanding (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:

- proceedings initiated before the Brussels Commercial Court by a number of individuals represented by Mr. Modrikamen; the request for provisional measures against Fortis has been dismissed on 8 December 2009 and Mr Modrikamen has announced that he would now pursue the procedure on the merits;

- proceedings initiated by a number of individuals gathered around Deminor International, which are pending before the Brussels Commercial court

- proceedings initiated before the Amsterdam District Court by the VEB and Deminor as well as proceedings initiated by a number of individuals represented by Mr. De Gier ; these proceedings are still pending; and

- proceedings before the Utrecht District Court initiated by a number of individuals represented by Mr. Bos, 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 Fortis, 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. Fortis is contesting the validity of any statutory or contractual hold harmless commitments.

A class action has been filed in the US District Court of the Southern District of New York to demand damages based on alleged securities fraud committed in the period between 17 September 2007 and 14 October 2008. This action has been dismissed on 18 February 2010 on the basis of lack of jurisdiction, and is subject to appeal.

Should any of these proceedings result in the annulment of (part of) the decisions taken by the Fortis Board and of the resulting agreements (which is highly unlikely, amongst others taking into account that Mr Modrikamen has announced that he would drop such claim and that Deminor has not formulated such a claim), this would have consequences on the financial position of Fortis that are unquantifiable at this stage. In the event that any court decisions were to order Fortis to pay monetary damages, this could have a severe negative impact on its financial position.

In respect of legal proceedings initiated against Fortis and Fortfinlux by investors in relation with the FRESH instrument issued in 2002, Fortis remains convinced, after consultation with its legal advisors, that its legal position is sound and is not likely to be successfully challenged in court.

In respect of all legal proceedings and investigations of which management is aware, Fortis 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 Fortis 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 Fortis 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 Fortis 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, Fortis is contesting the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.