

# Debt Investor Presentation

FY 2018



# Executive summary

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## Ageas group

- International insurance group with focus on **Europe & Asia**
- Diversified **product portfolio** with focus on individuals & SME
- Solid & diversified **investment portfolio**
- Robust **solvency & capital generation** providing strong mitigation against market or other external evolutions
- Strong **capitalization** with EUR 0.8 bn regulatory Tier 2 headroom
- Clear strategic priorities & ambitious financial targets - set as part of **Connect 21** strategic plan

## Ageas SA/NV

- Reinsurance activities **transforming** holding into operating company
- **Diversified sources** of income
- **A/stable rating**



\* Based on indicative per share compensation & per 12/02/2019



**1. ageas group**


2. ageas SA/NV

3. appendix

# International insurance group with focus on Europe & Asia

Leading market positions in most countries

**AGEAS SANV**  
*Internal Reinsurance with Life & Non-Life license*

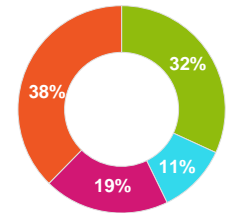


**BELGIUM**  
 Life & Non-Life  
 #1 Life  
 #2 Non-Life  
 #1 real estate

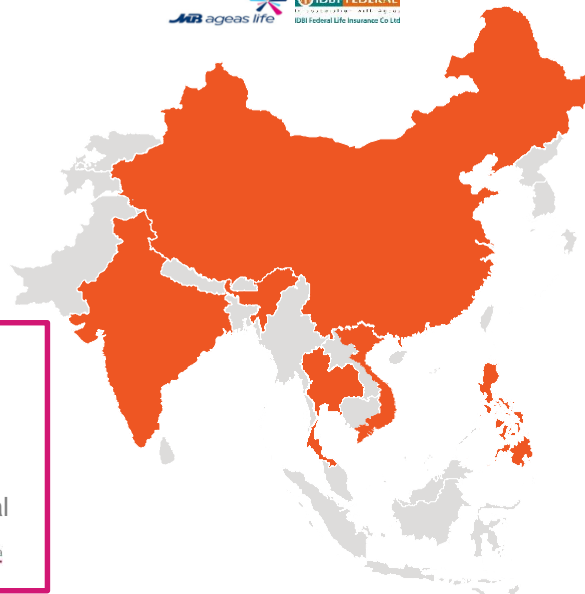
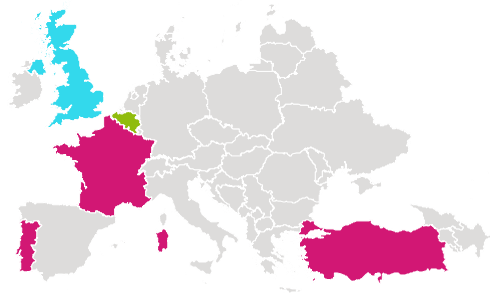


**ASIA**  
 Life & Non-Life  
 6 partnerships in 9 markets  
 #5 Life in China  
 #1 General takaful in Malaysia  
 #3 Life & #4 Non-Life in Thailand

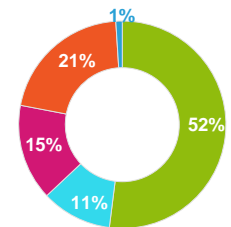
GROSS INFLOWS @ageas share  
 2018 TOTAL: EUR 14.5 bn



■ Belgium      ■ United-Kingdom  
 ■ Continental Europe      ■ Asia




INSURANCE NET RESULT  
 2018 TOTAL: EUR 797 Mio




■ Belgium      ■ United-Kingdom  
 ■ Continental Europe      ■ Asia  
 ■ Reinsurance

**UNITED-KINGDOM**  
 Non-Life  
 #4 motorcycle insurer  
 #3 private car insurer



**CONTINENTAL EUROPE**  
 Life & Non-Life  
 3 markets  
 #2 insurer in Portugal




# Diversified product portfolio

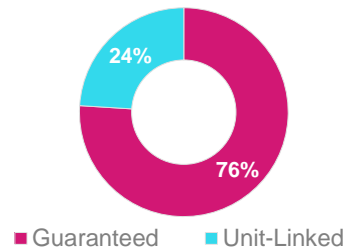
## Focus on individuals & SME

### LIFE

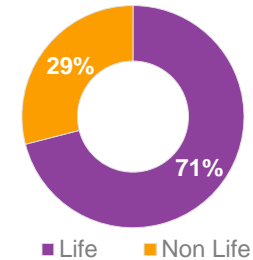
mostly guaranteed business



2018 GROSS INFLOWS LIFE  
(consolidated entities)



GROSS INFLOWS @ageas share  
2018 TOTAL: EUR 14.5 bn

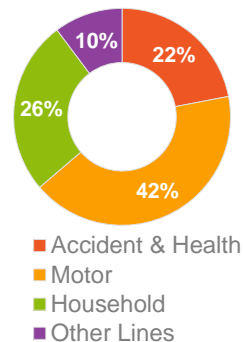


### NON-LIFE

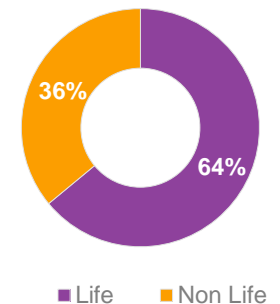
mostly driven by Motor & Household



2018 GROSS INFLOWS NON-LIFE  
(consolidated entities)



INSURANCE NET RESULT  
TOTAL: EUR 797 Mio



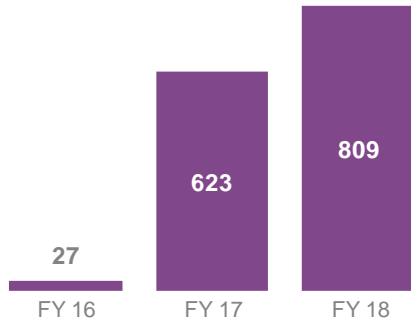
Internal reinsurance with  
Life & Non-life license



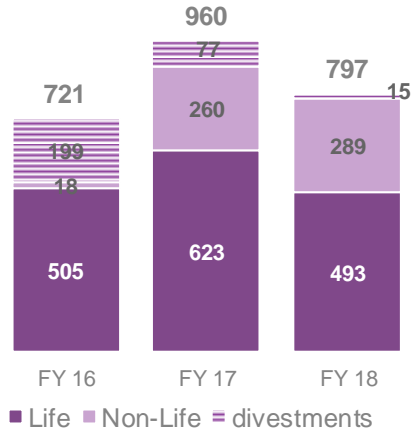
# Ageas group

## Key financials & operational elements

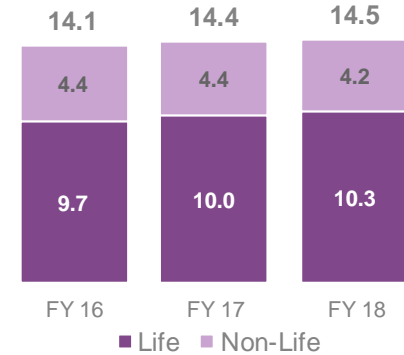
Ageas net result  
In EUR mio



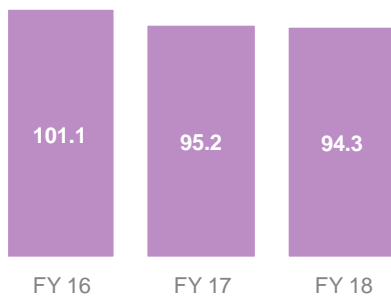
Insurance Net result  
In EUR mio



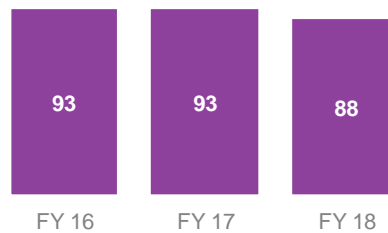
Inflows @ageas share  
In EUR bn



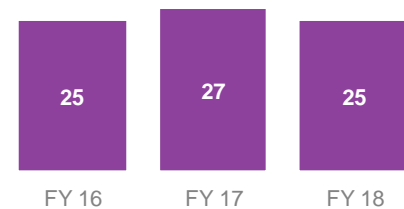
Non-Life combined ratio  
In % NEP



Operating margin Guaranteed  
In bps avg technical liabilities



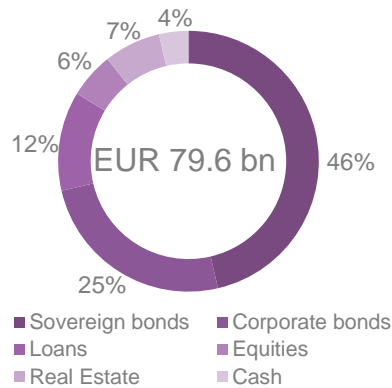
Operating margin Unit-Linked  
In bps avg technical liabilities



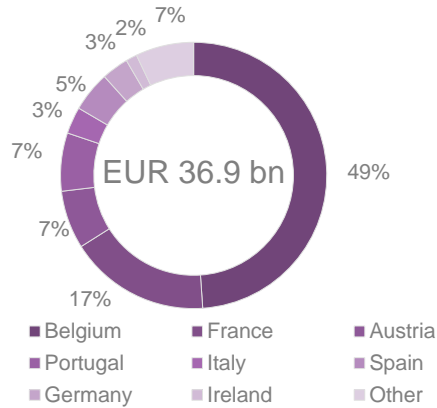
# Solid & diversified investment portfolio

## Stable asset mix & high quality investments

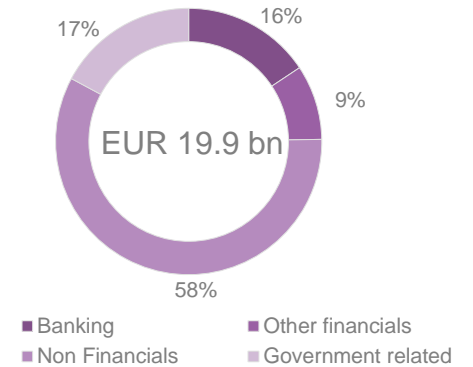
Total investment portfolio



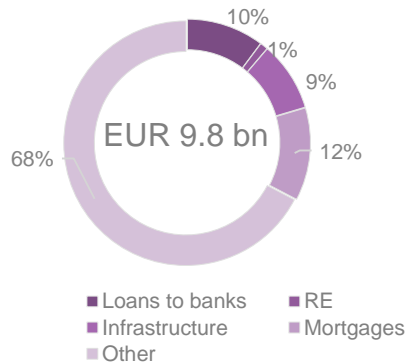
Sovereign bond portfolio: over 99% investment grade – EUR 4.6 bn UG/L



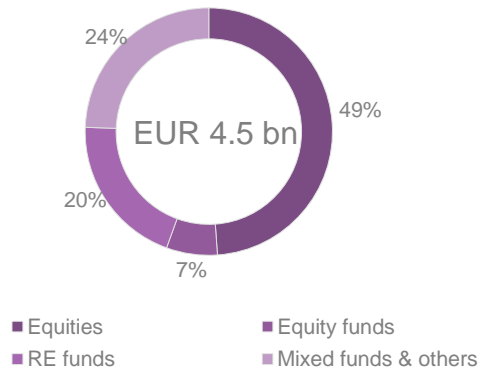
Corporate bond portfolio: over 91% investment grade – EUR 1.0 bn UG/L



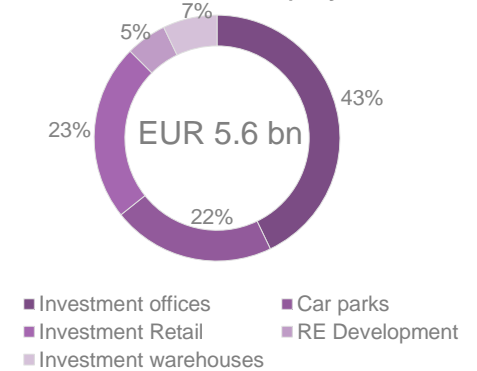
Loan portfolio



Equity portfolio: EUR 0.4 bn UG/L



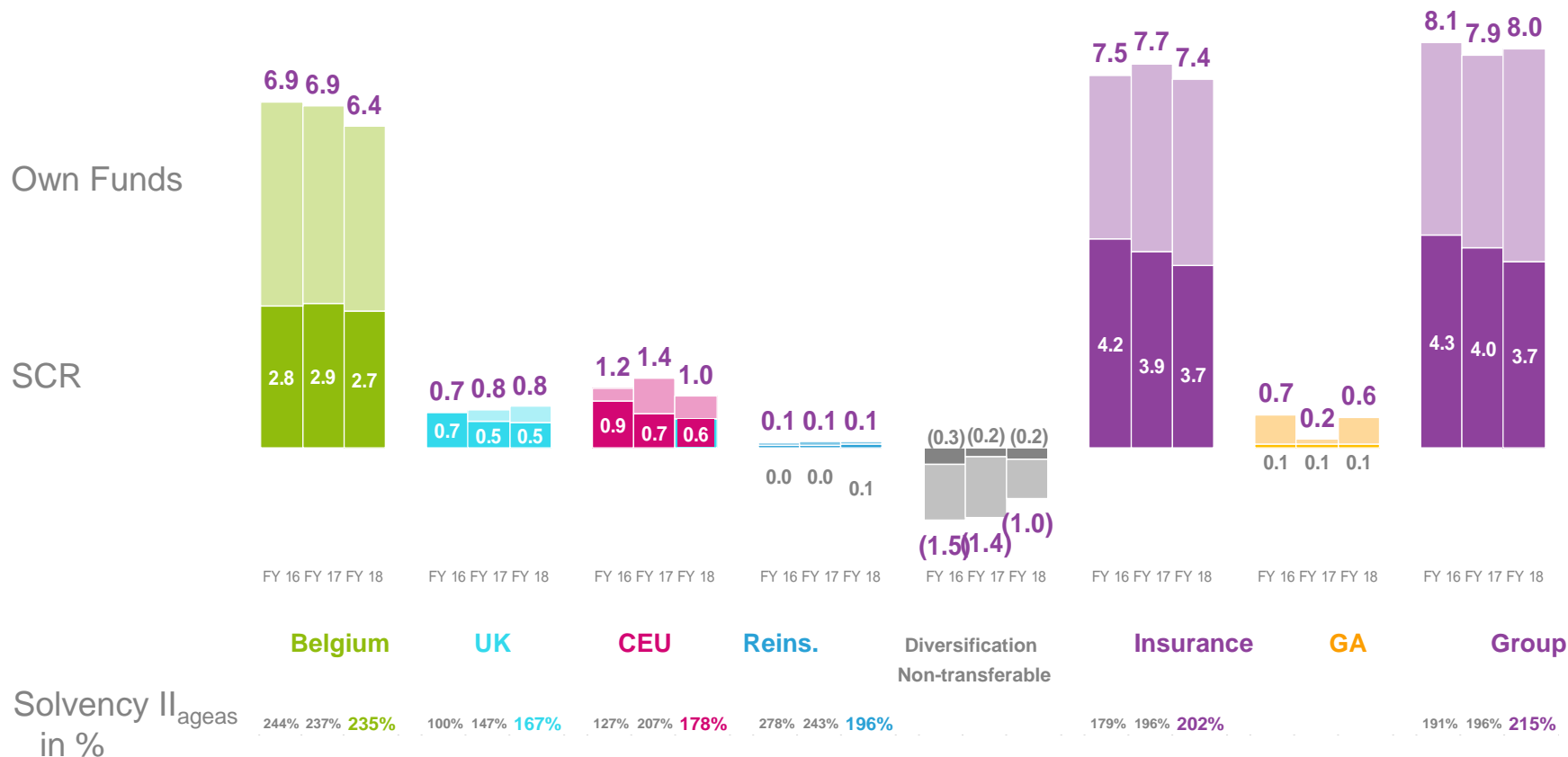
Real Estate portfolio: EUR 1.8 bn UG/L not reflected in equity



# Solvency II<sub>ageas</sub> Group up to 215%

## Proposed dividend already deducted

In EUR bn



Based on local solvency requirements non EU non-controlled participations @241% at the end of 2018



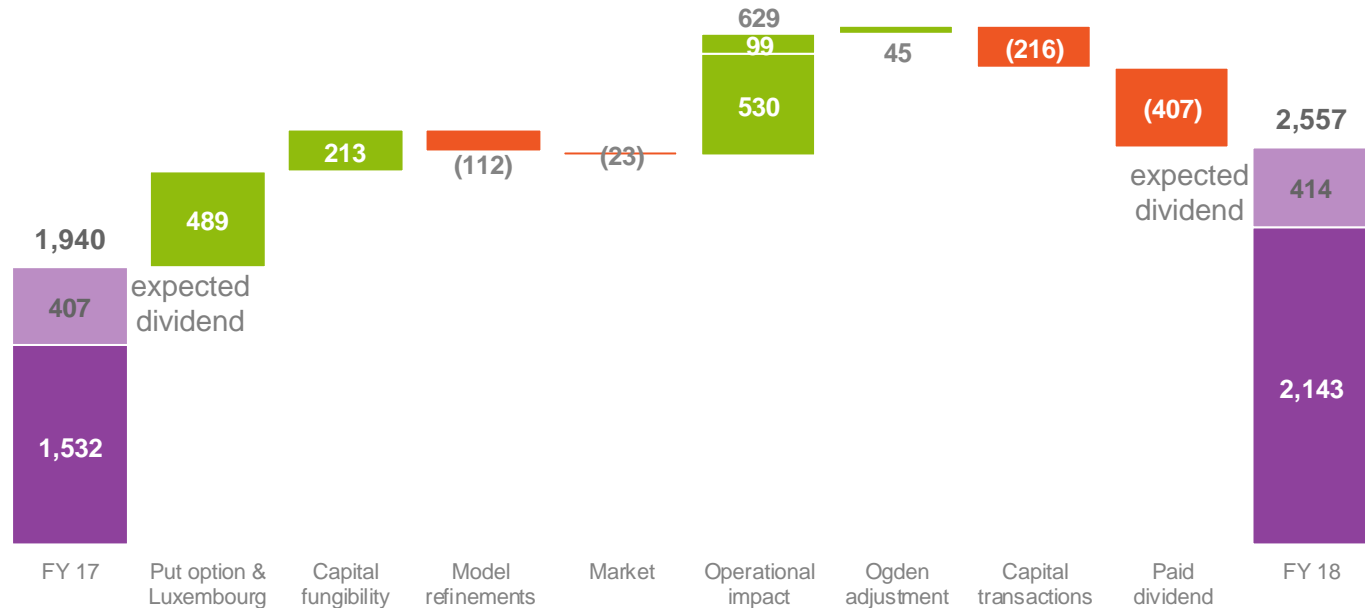
# Group Free Capital Generation

Operational FCG in line with FY guidance - more than covering dividend accrual & SBB

In EUR mio

## Free Capital Generation

Based on 175% of  
SCR<sub>ageas</sub>



- **Operational impact**

- includes **EUR 99 mio** dividend upstream Non-European NCP's
- FY guidance of EUR 500 – 540 mio for Solvency II scope
- Market: driven by spread movements & lower equity markets
- Impact adjustment of Ogden rate @ 0% best estimate - no impact on IFRS result
- Capital transactions = SBB + injection in Asia



# Insurance Solvency II sensitivities

High Solvency ratio providing resilience against market or other external evolutions

As per 31/12/17

Based on **Solvency II**<sub>ageas</sub>

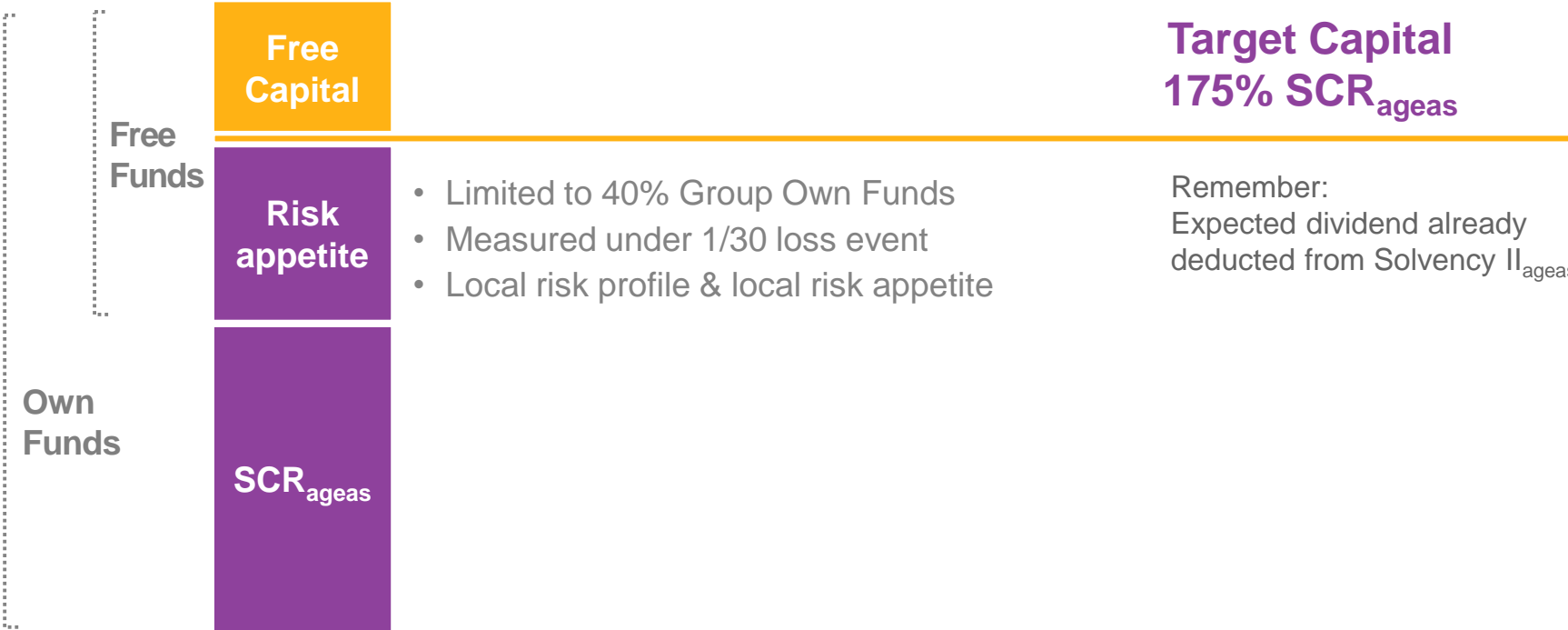
	SCR	OF	Solvency
<b>Base case</b>	3,934	7,713	<b>196%</b>
Before stress			
<b>Yield curve down</b>	4,088	7,623	<b>186%</b>
Down 50 bps			
<b>Yield curve up</b>	3,812	7,764	<b>204%</b>
Up 50 bps			
<b>Equity</b>	3,935	7,414	<b>188%</b>
Down 25%			
<b>Property</b>	3,995	7,284	<b>182%</b>
Down 15%			
<b>Spread*</b>	3,910	7,395	<b>189%</b>
Spreads on corporate & government bonds up 50 bps			
<b>Corporate spread</b> up 50 bps	3,941	7,664	<b>194%</b>
<b>Sovereign spread</b> up 50 bps	3,912	7,449	<b>190%</b>
<b>UFR– base case 4.20%</b>			<b>195%</b>
Down to <b>4.05%</b> (already included in 3M '18 results)	3,949	7,703	<b>193%</b>
(further down from 4.05%)	3,962	7,659	



\* Spread sensitivity doesn't take into account any credit rating movement

# Risk Appetite & Capital management

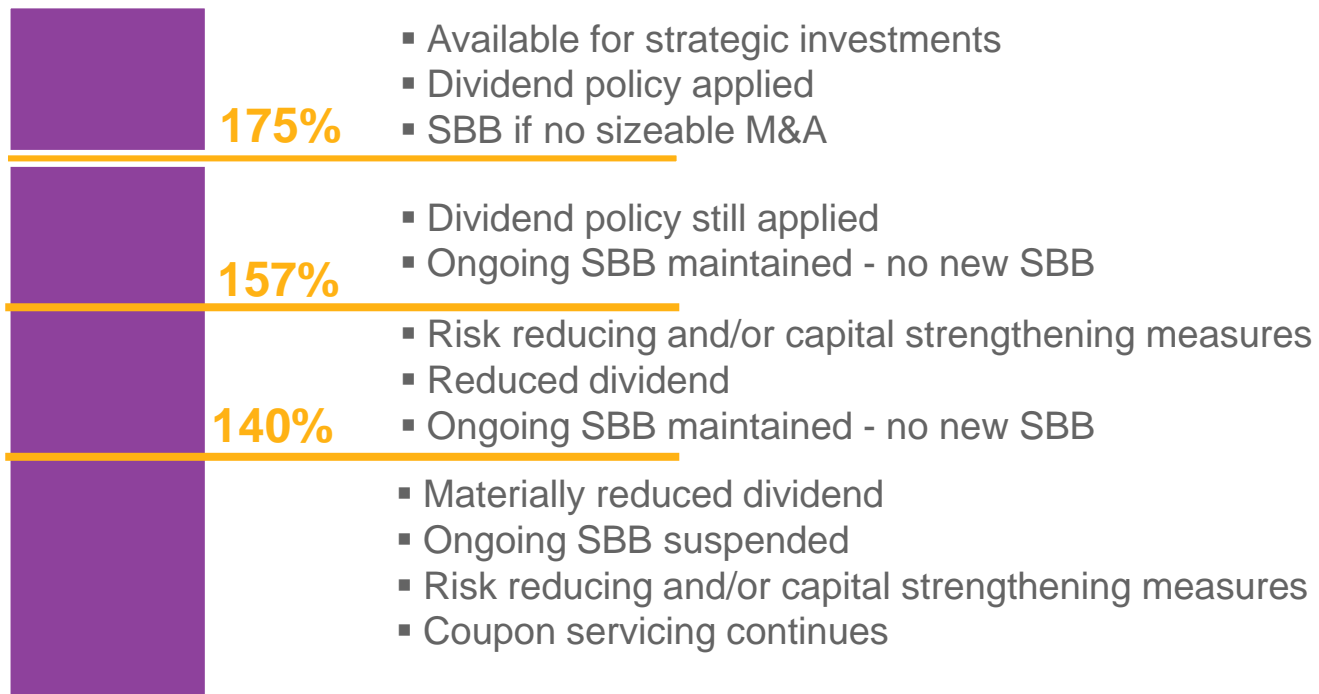
Target level linked to Risk appetite



# Solvency II guidance

Coupon servicing continues even if below 140% Solvency II<sub>ageas</sub>

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# Main characteristics Hybrids

Currently debt issued both at holding & at AG Insurance level

<i>In EUR mio</i>	<b>Ageas</b>	<b>AG Insurance (Belgium)</b>		
	<b>Ageasfinlux Fresh*</b>	<b>Fixed-to-Floating Rate Callable</b>	<b>Fixed Rate Perpetual Subordinated</b>	<b>Fixed Rate Reset Dated Subordinated Notes</b>
	Tier 1	Tier 2	Tier 1	Tier 2
<b>%</b>	3m EUR + 135 bps	5.25%	6.7%	3.5%
<b>Amount outstanding</b>	1,250	450	550	400
<b>ISIN</b>	XS0147484074	BE6261254013	BE6277215545	BE6277215545
<b>Call date</b>	Undated, strike 315.0 mandatory 472.5	Jun 2024 Step up to 3M Euribor +413 bps	Step up 19 yrs USD 33 bps	June 2027 Step up after 12 years of 100bps
<b>Other</b>		Subscribed by Ageas & BNP Paribas Fortis	Private issue	Public issue
<b>Market Price (31/12/18)</b>	51.74	114.02	100.09	98.27

**CALLED IN MARCH 2019**

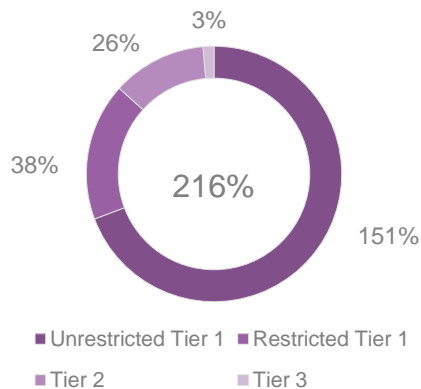


\* FRESH has de facto become a perpetual instrument with no call date

# Strong capitalization of the group

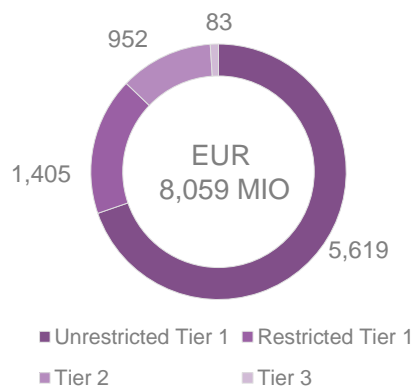
Financial leverage @ 20.2% - Debt servicing capacity solid

## Capital quality – SCR PIM coverage



- Tier 1 capacity fully used
- Tier 2 additional regulatory headroom of **EUR 0.8 bn**
  - after call by AG Insurance of 550 USD – 6.75%, headroom increased to EUR 1.2 bn

## Capital structure



- **20.2%** financial debt leverage on net tangible equity @FY18 calculated as (subordinated debt + senior debt)/(net tangible equity + subordinated debt + senior debt)
  - after call by AG Insurance of 550 mio USD – 6.75%, leverage decreased to **16.7%**
- **x11.7** debt servicing capacity
  - after call by AG Insurance of 550 mio USD – 6.75%, debt servicing capacity increased to **x21.6**



# Connect 21

A reflection of Group's Strategy, Values and KPI's



**A great customer experience**

**To prevent, prepare, protect & assist**

**By leveraging technology**

**With partners and through alliances**

**Creating smart synergies**

**Empowering local autonomy**

**Focusing on Europe and Asia**

**96%**  
Combined  
Ratio

**85 - 95 bps**  
Guaranteed  
**Life Margins**  
30 - 40 bps  
Unit-Linked

**175%**  
Solvency II  
Ratio

**≥ 50%**  
Dividend  
Pay-Out

Share  
**Buy-Back**  
**≥ EUR 150 m<sup>mln</sup>**  
except if M&A

**5-7%**  
Earnings/share  
CAGR





1. ageas group

**2. ageas SA/NV**

3. appendix



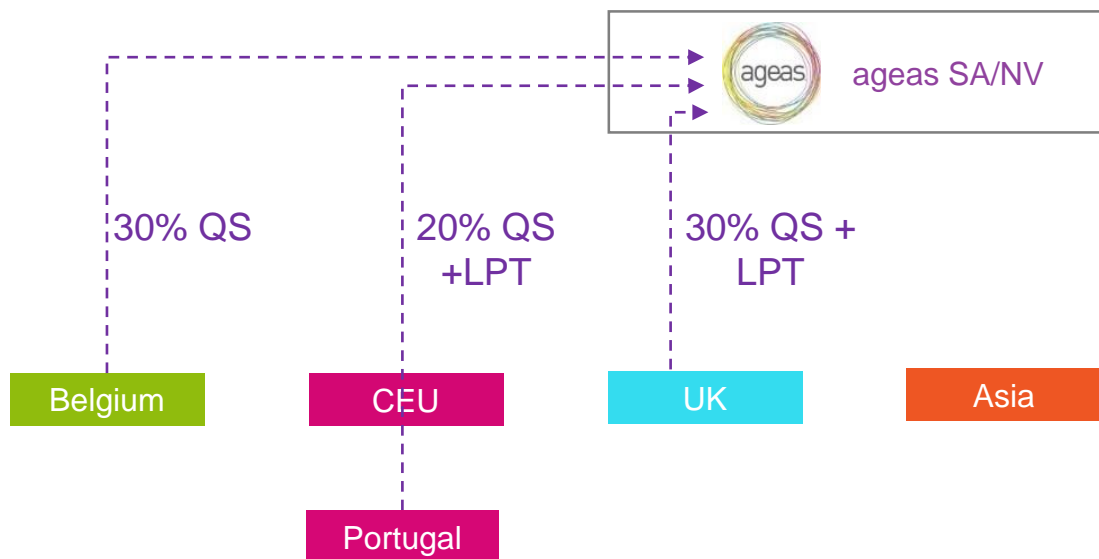
# ageas SA/NV not a traditional holding company

## Reinsurance sets path for increased capital fungibility

02/07/2018

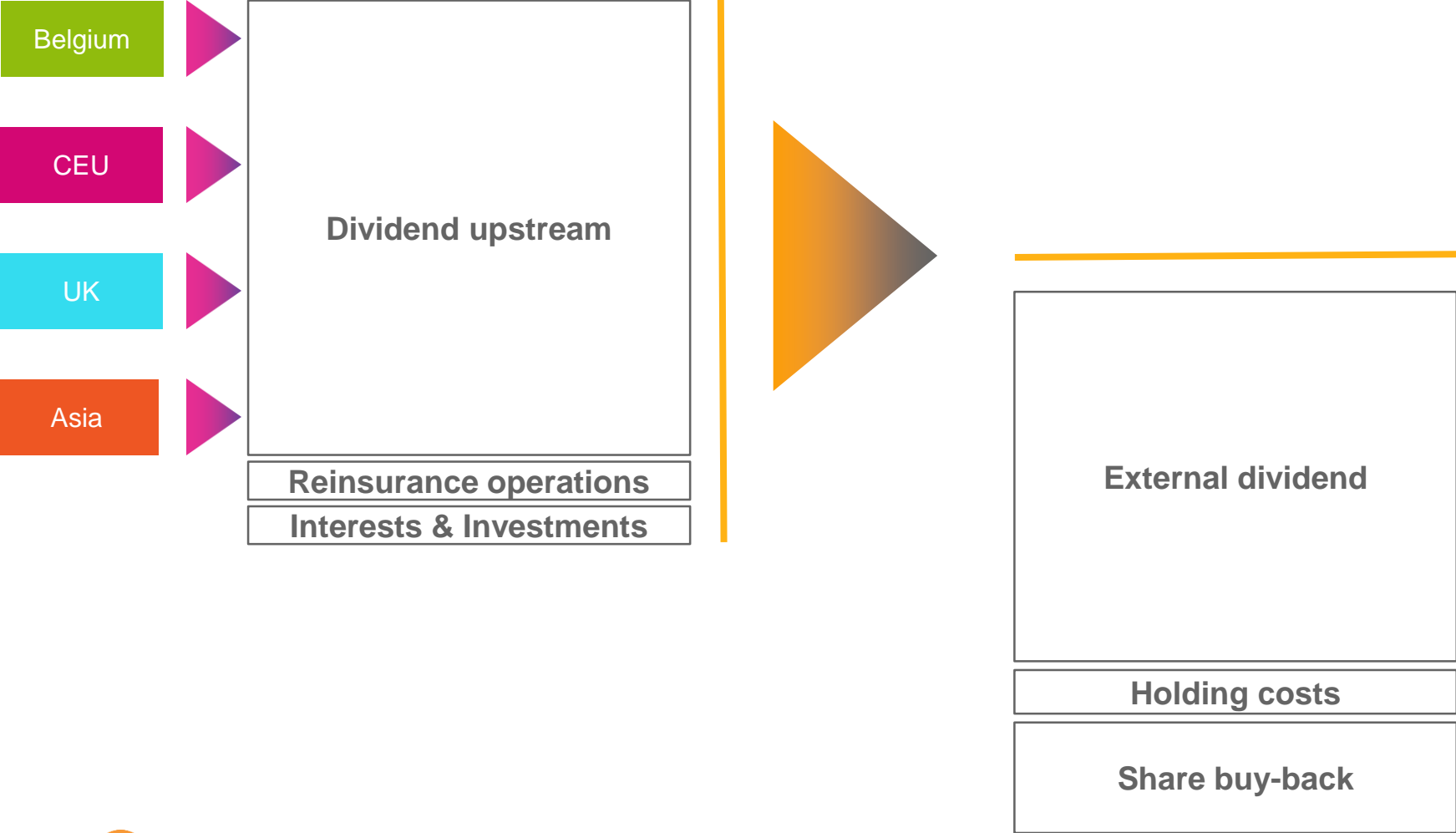
- Ageas SA/NV obtains Life & Non-Life reinsurance **license** from the NBB
- With quota shares accepted from controlled Non-Life entities ageas SA/NV gains **direct access to operational cash-flows**, becoming operating entity
- **Life** reinsurance to be started later

Non-Life quota share as from 2019...



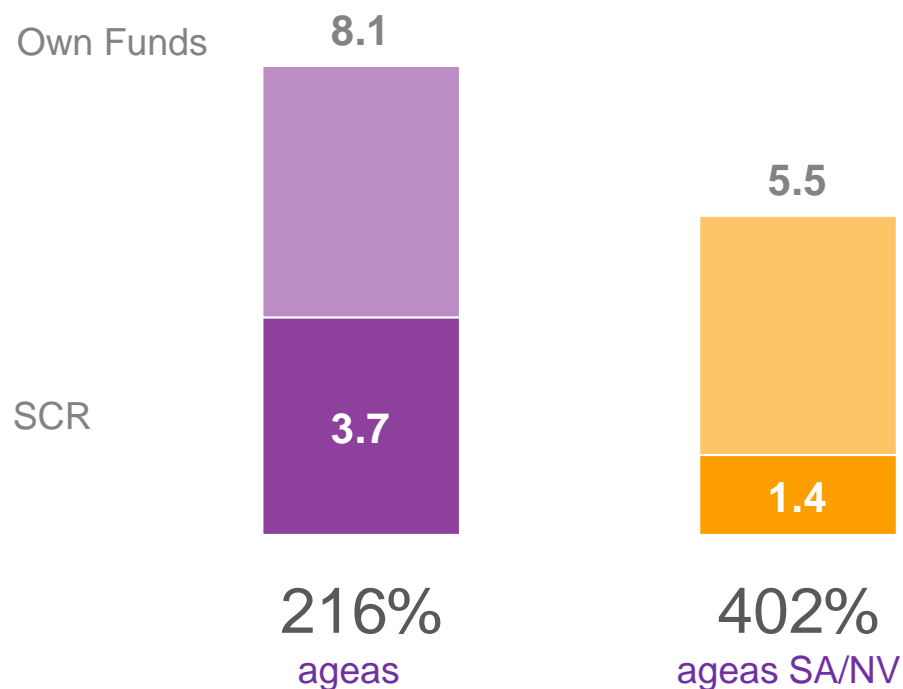
# Diversified sources of income

Reinsurance operations to generate increasing cash flows



# ageas sa/nv Solvency II PIM @402%

Reinsurance operations expected to have marginal impact



- ageas SA/NV Solvency II mainly driven by value entities within Solvency II scope owned by Ageas Insurance International
- Reinsurance operations starting in 2019 expected to have limited downside impact on ratio in the future



# Settlement around Fortis past final & in full execution

## Vast majority of civil proceedings terminated

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- 14/03/2016
  - Ageas offers to pay **EUR 1.2 bn compensation** – additional effort of EUR 0.1 bn announced 16/10/2017
  - No **recognition** of any wrongdoing by Ageas
  - Commitment by eligible shareholders to **abandon** any ongoing civil proceeding & not to start any legal proceeding related to the events
- 13/07/2018
  - Settlement declared **binding** by Amsterdam Court
- 21/12/2018
  - Ageas decides to waive its termination right, making the **settlement final**
- 31/12/2018
  - End of opt-out period
- Current status
  - Over **250,000** claims files received
  - **272 opt-outs** received related to slightly above 1% of total settlement amount\*
  - Execution ongoing
  - Almost all civil proceedings (will be) **terminated**



\* Based on indicative per share compensation & per 12/02/2019

# A/stable-Rating for ageas SA/NV

3 notches upgrade from S&P & Fitch

		S&P	Fitch
Operating / Holding Entity	<b>ageas SA/NV*</b>	<b>A / stable</b>	<b>A+ / stable</b>
	<i>Last change</i>	10/12/2018	07/12/2018
Operating entity	<b>AG Insurance (Belgium)</b>	<b>A / stable</b>	<b>A+ / stable</b>
	<i>Last change</i>	22/11/2018	07/12/2018

**S&P Global Ratings**

- Ageas SA/NV is broadening its role to group internal reinsurance, **enhancing the diversity of its future cash flows**, and its ability to honour its financial obligations
- We consequently now regard **Ageas SA/NV as an operating holding company**. As such, we are raising our issuer credit rating on Ageas SA/NV to 'A' from 'BBB' and assigning our 'A' financial strength rating.
- Ageas group continues to benefit from solid levels of capital as well as business and income diversification, while addressing some underperformance and reducing risks and volatility associated with legacy issues. **We are therefore affirming our 'A' ratings on Ageas' core operating entities.**
- The stable outlook on all the entities reflects our expectation that **Ageas will preserve at least strong capital buffers while continuing to post good underlying performance on the back of solid positions and distribution ties in its main markets.**

**Fitch Ratings**

- The IFS Rating assigned to ageas SA/NV follows its conversion into an operating reinsurance company from a pure holding company as a **result of ageas SA/NV's plan to become the group's internal reinsurer from 1 January 2019**. The National Bank of Belgium (NBB) granted the company approval to organise and operate reinsurance activities on 2 July 2018
- The affirmation of the ratings **reflects Ageas's very strong capitalisation and low financial leverage.**
- Fitch **believes the intra-group reinsurance ageas SA/NV plans to underwrite will enhance the group's capital fungibility and financial flexibility.** We expect the cash flow position and amount of liquid assets available at ageas SA/NV will remain sufficient to maintain a satisfactory liquidity position within the company.

\* Source: S&P Global Ratings & Fitch Ratings ; ageas SA/NV has an unsolicited A3/stable issuer rating from Moody's (25/03/2019)

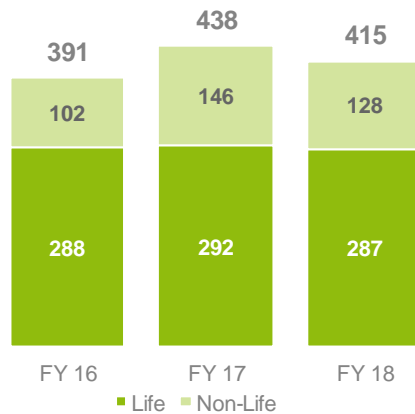


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1. ageas group
  2. ageas SA/NV
  - 3. appendix**

# Belgium : Headlines

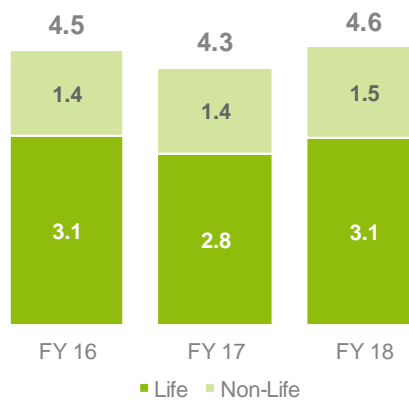
## Net result

In EUR mio



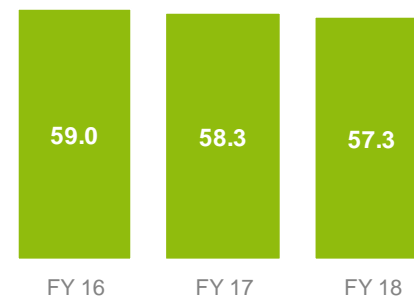
## Inflows @ageas share

In EUR bn



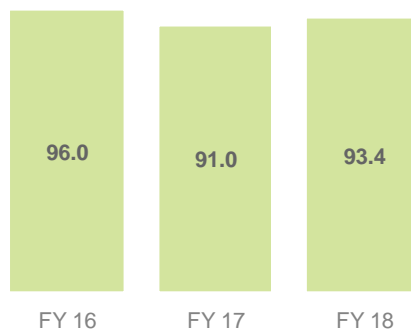
## Life Technical Liabilities

In EUR bn



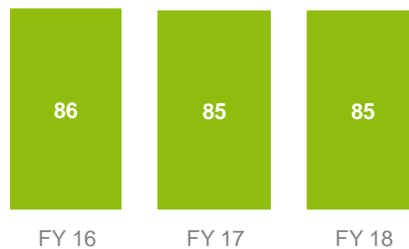
## Non-Life combined ratio

In % NEP



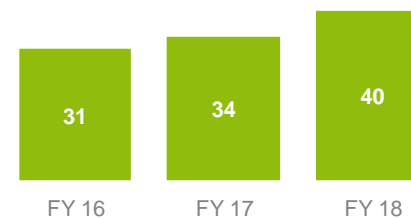
## Operating margin Guaranteed

In bps avg technical liabilities



## Operating margin Unit-Linked

In bps avg technical liabilities



# Margin evolution Assets & Liabilities Belgium

Yield & guaranteed rate on back book down at the same pace

	FY 15	FY 16	FY 17	FY18	
Life Back book	Guaranteed interest rate	2.63%	2.49%	2.32%	2.17%
	Fixed income yield	3.71%	3.45%	3.34%	3.25%
	Liabilities Guaranteed (EUR bn)	50.3	52.9	50.4	49.1
	FY 15	FY 16	FY 17	FY 18	
New money Life & Non-Life	Fixed income yield	2.11%	1.71%	1.88%	1.96%
	Reinvested amount (EUR bn)	4.2	4.5	2.9	3.2



- Newly invested money mostly government bonds, government related loans, corporate bonds (non financial sector) & mortgage loans
- Almost all new investments have investment grade quality
  - EUR 0.1 bn invested in high yield

### Guaranteed retail Life:

- 3 consecutive guarantee decreases in 2016 from 1% to 0.25%
- Guaranteed yield increased from 0.25% to 0.5% as from 1 March 2018 in some specific products in bank channel

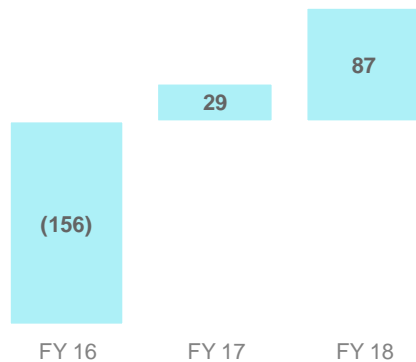




# United Kingdom: Headlines

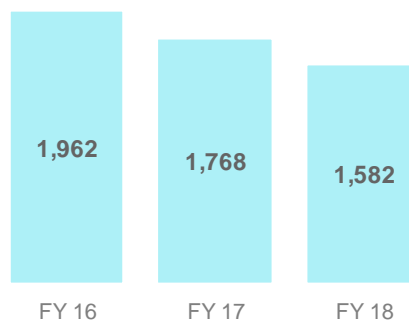
## Net result

*In EUR mio*



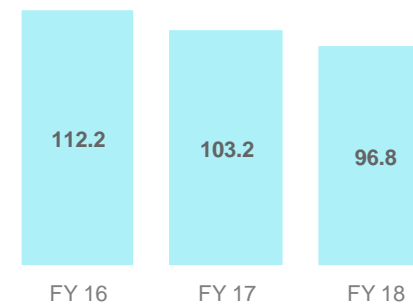
## Inflows @ageas share

*In EUR mio*



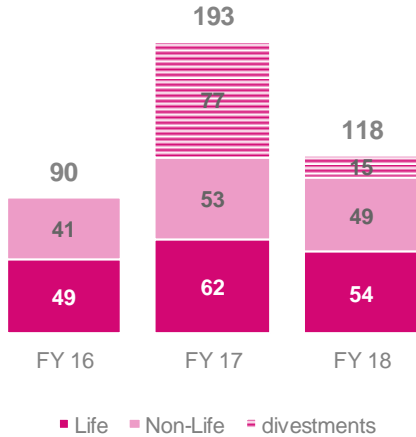
## Non-Life combined ratio

*In % of NEP*

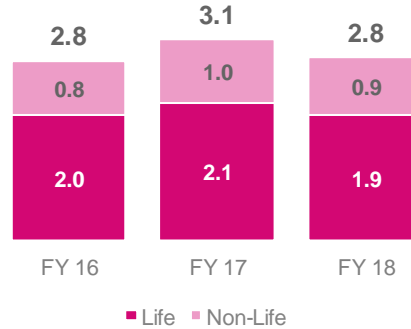


# Continental Europe: Headlines

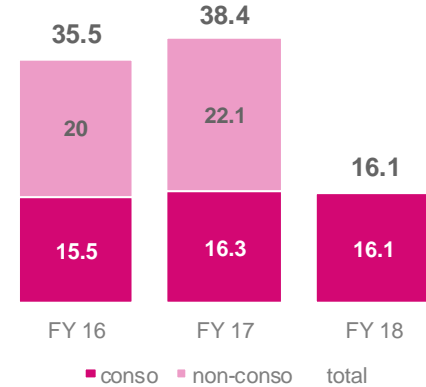
Net result  
In EUR mio



Inflows @ageas share  
In EUR bn

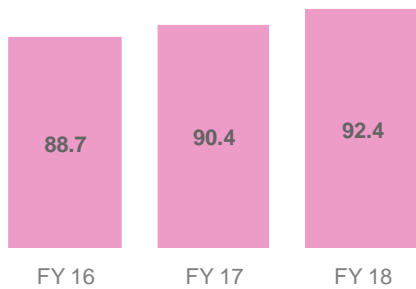


Life Technical liabilities  
In EUR bn



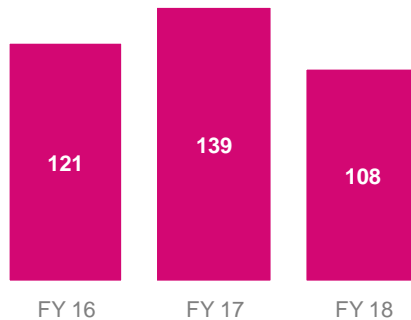
Non-Life combined ratio

In % NEP



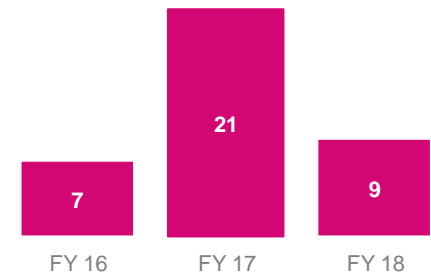
Operating margin Guaranteed

In bps avg technical liabilities



Operating margin Unit-Linked

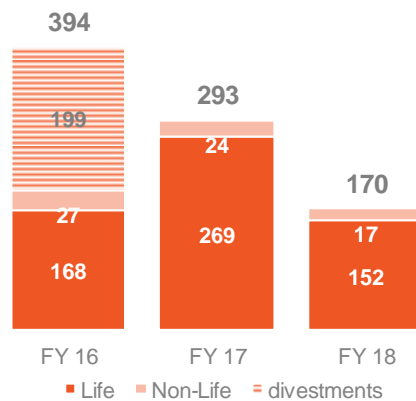
In bps avg technical liabilities



# Asia: Headlines

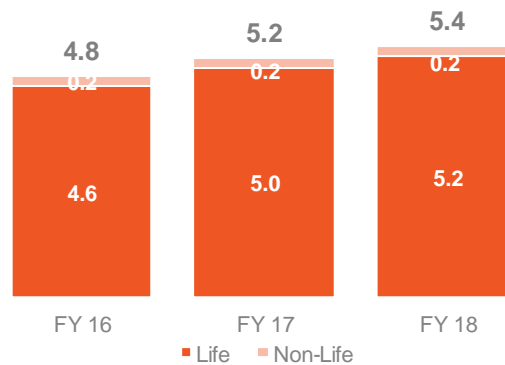
## Net result:

In EUR mio



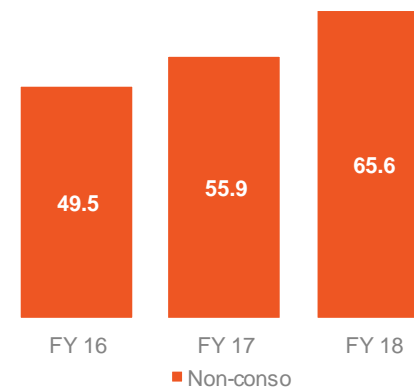
## Inflows @ageas share

In EUR bn



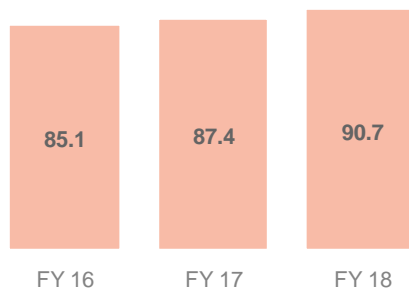
## Life Technical liabilities

In EUR bn



## Non-Life combined ratio

In % NEP

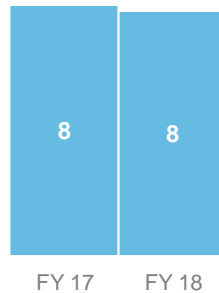


# Reinsurance: Headlines

## Shift from internal reinsurance through Intreas towards ageas SA/NVI

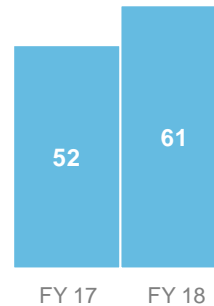
Net result: reflecting prudent claims reserving

*In EUR mio*



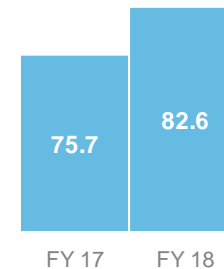
Inflows: incl. EUR 2 mio from ageas SA/NV

*In EUR mio*



Combined ratio

*In % NEP*



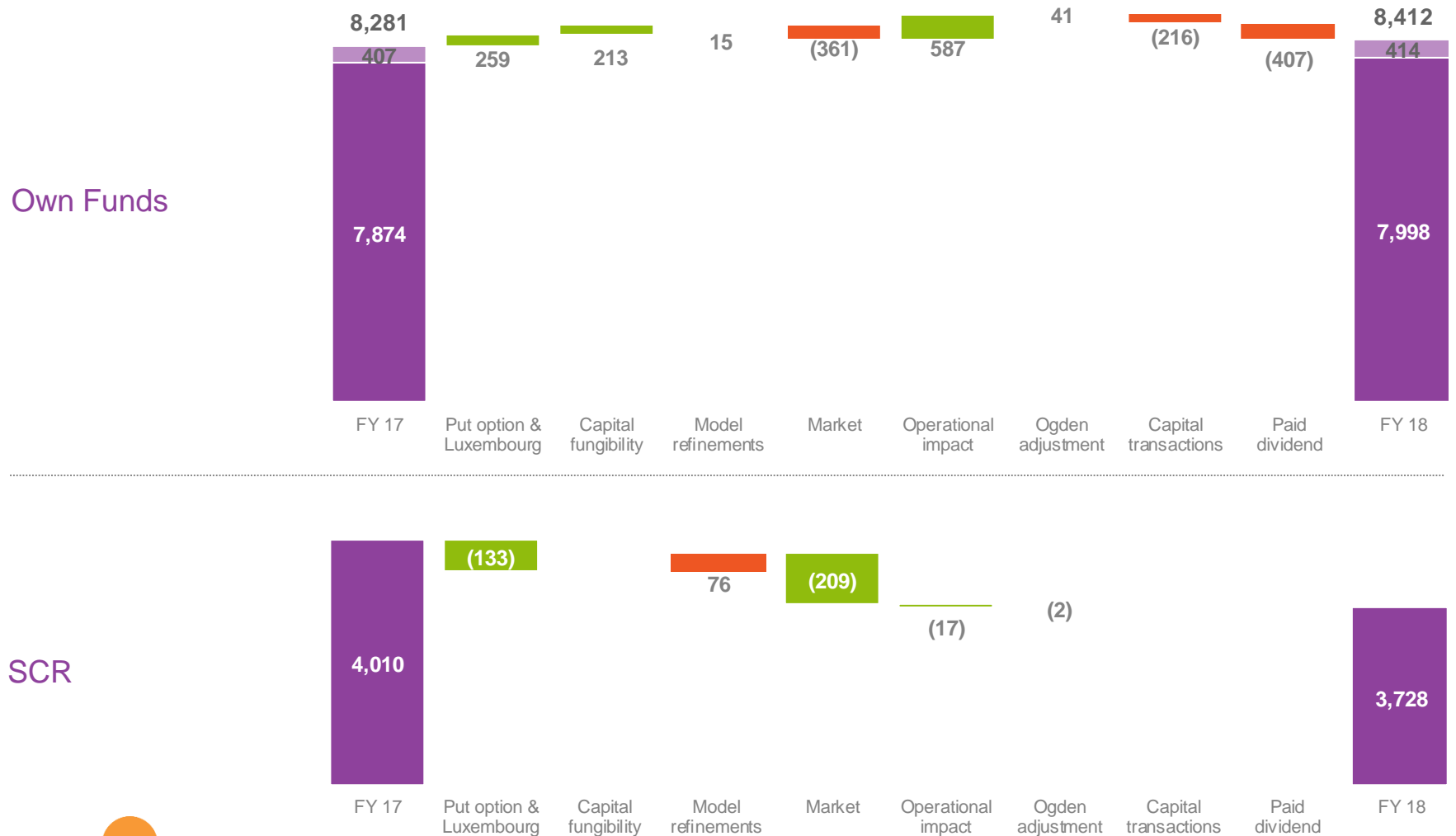
### ageas SA/NV reinsurance activities

- On 02/07/2018: Ageas received the [approval](#) of the National Bank of Belgium (NBB) to organise and operate reinsurance activities
- Increased [capital fungibility](#) within the Group
- Ageas holding becoming operating entity with access to [operational cash-flows](#) through internal quota shares acceptance
- All internal reinsurance activities integrated in ageas SA/NV in the course of 2019
- Solvency II PIM for ageas SA/NV @ 402%



# Evolution SCR & OF split between types of impact

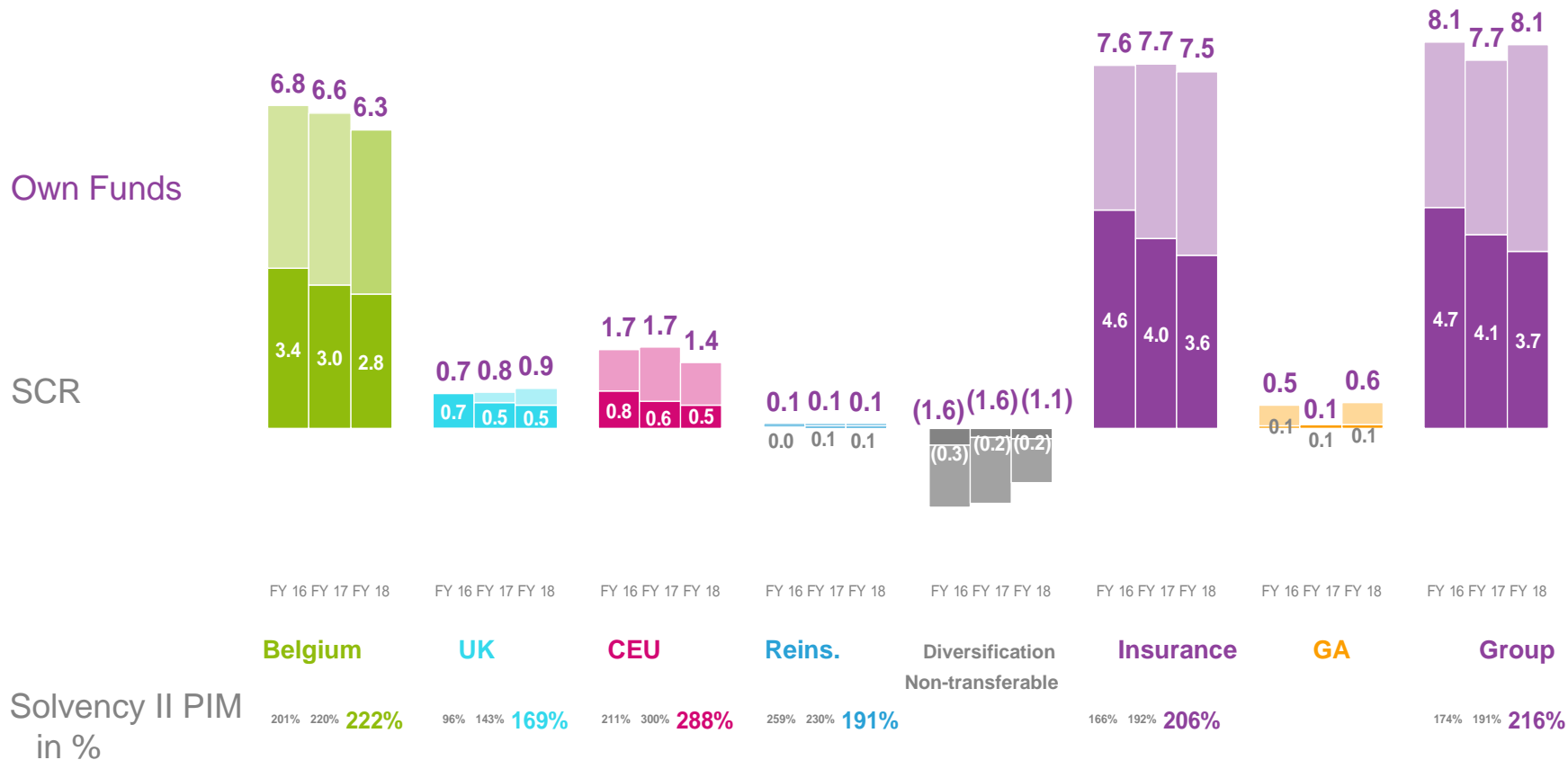
In EUR mio



# Solvency PIM – reported under Pillar I – proposed dividend deducted

Group @ 216% supported by divestment Luxembourg, expiring put option & higher fungibility

In EUR bn

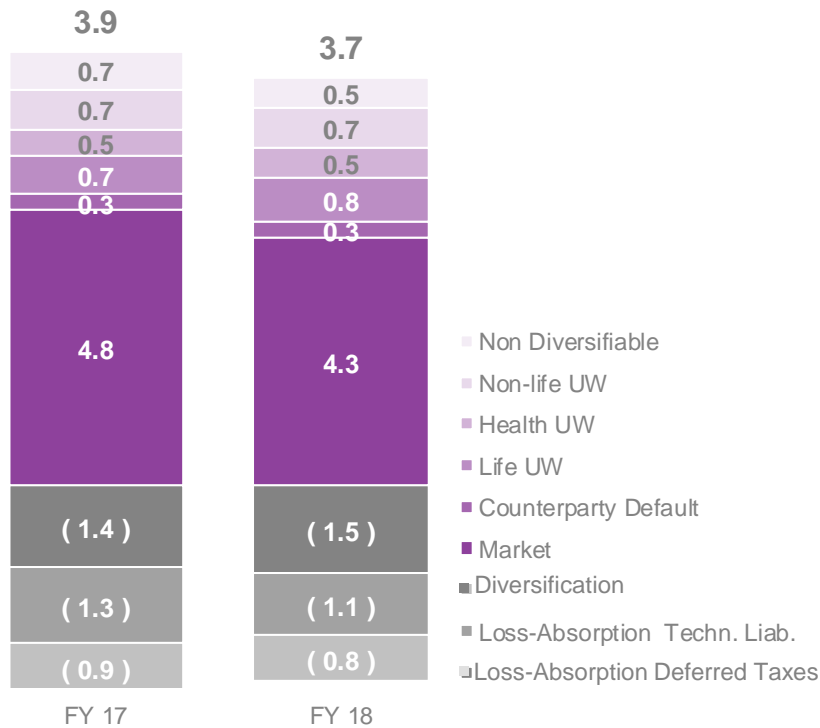


Based on local solvency requirements Non EU non-controlled participations @241% at the end of 2018

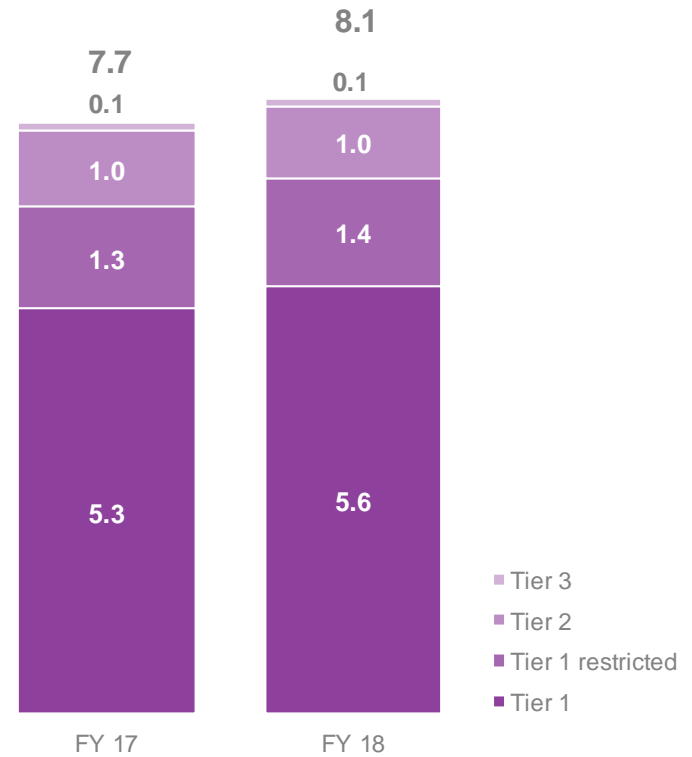
# Composition of SCR & OF

In EUR bn

Insurance SCR<sub>ageas</sub> per risk type  
Market risk main factor in SCR

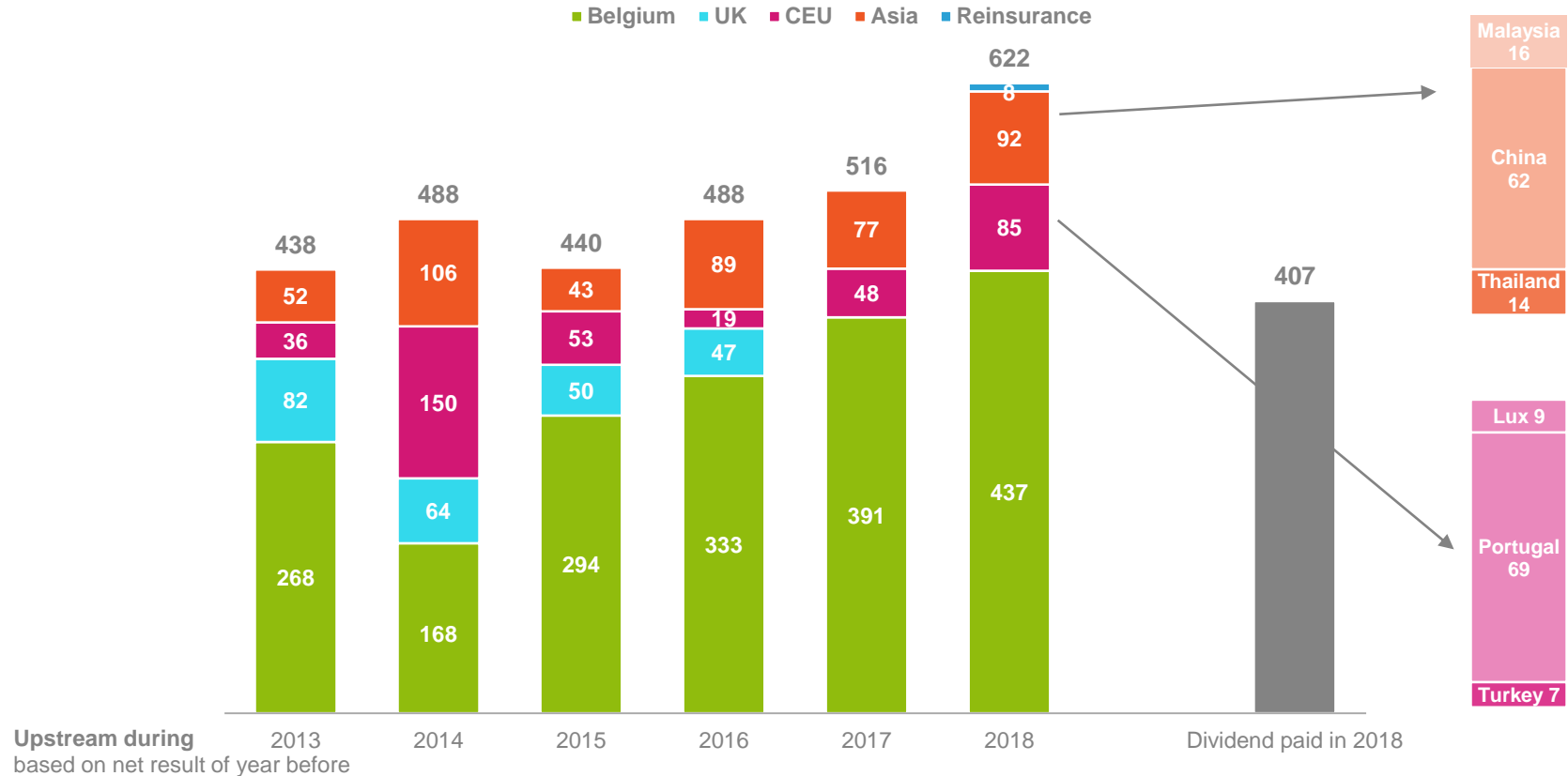


Tiering of Group PIM own funds  
High quality of own funds



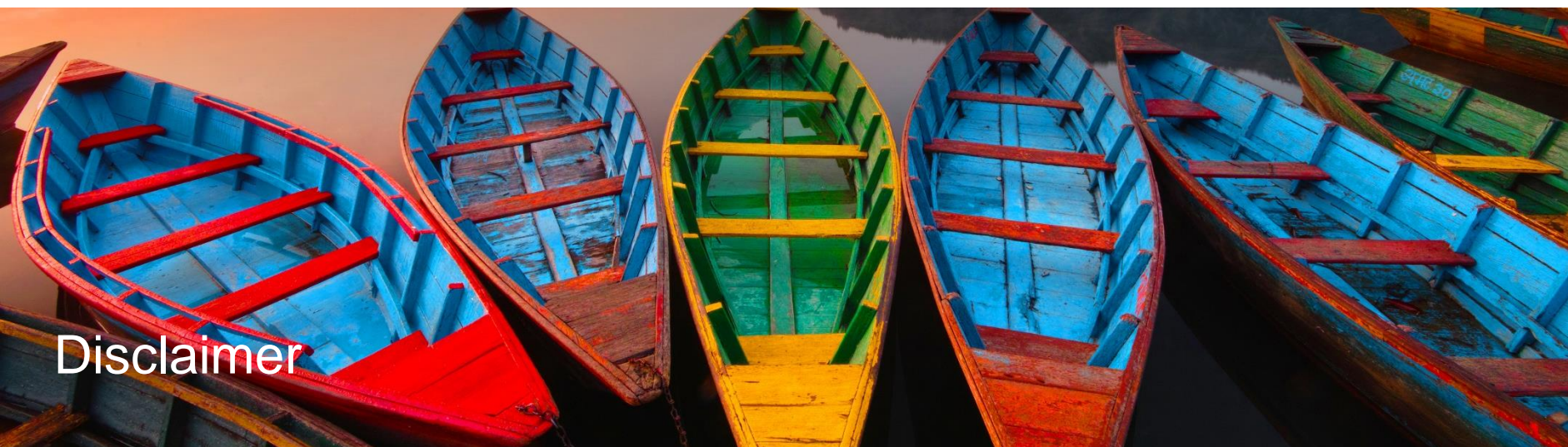
# Disciplined cash upstream from operating companies

Upstream more than covering dividend and holding costs





Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Future actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in Ageas's core markets, (ii) performance of financial markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) increasing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the Economic and Monetary Union, (x) changes in the policies of central banks and/or foreign governments and (xi) general competitive factors, in each case on a global, regional and/or national basis. In addition, the financial information contained in this presentation, including the pro forma information contained herein, is unaudited and is provided for illustrative purposes only. It does not purport to be indicative of what the actual results of operations or financial condition of Ageas and its subsidiaries would have been had these events occurred or transactions been consummated on or as of the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that may be achieved in the future.



Disclaimer



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