



SUPPORTER OF YOUR LIFE



► AG Insurance – Employee Benefits

Benoit Halbart

Ageas Deep Dive| London 23/05/2024

All figures are presented @100%

On today's agenda



- 1 The Belgian pension system
- 2 Market position
- 3 Global pension player
- 4 Key take-aways

The Belgian pension system

Based on three pillars with their own characteristics

First Pillar



- Statutory or legal pension
- Pay as you go
- Financed by the social security contributions
- Financially under pressure

Second Pillar



- Supplementary of extra-legal pension
- Capitalization
- Funded by employers, via a group insurance or pension fund

Third Pillar



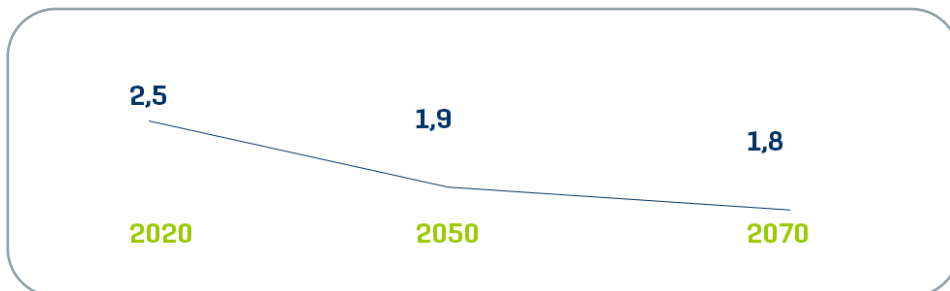
- The individual pension savings with tax benefits

Many challenges for the first pillar

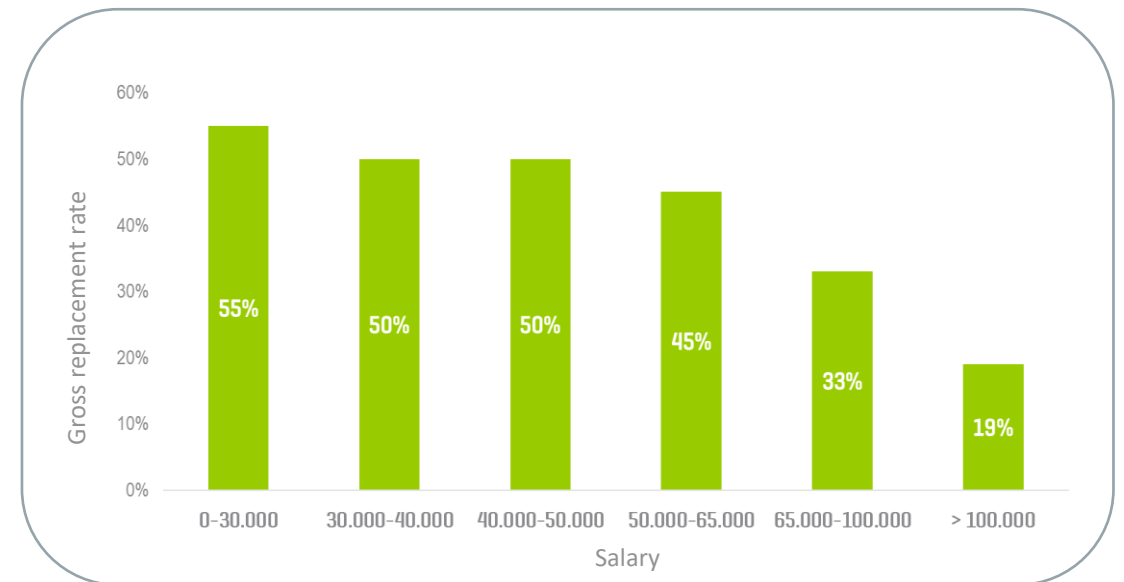
Pension cost as a % of the Belgian GDP

	2019	2026	2040	2050	2070
Pension cost	10,5%	12,3%	13,5%	13,9%	14,0%

Active workers / pensioners



Gross replacement rate remains low



Supplementary pension: room for improvement

Towards a universal minimum contribution of 3% of the annual salary as supported by almost all Belgian political parties

64%

2,4m employees are building up a supplementary pension via their employer and/or sector

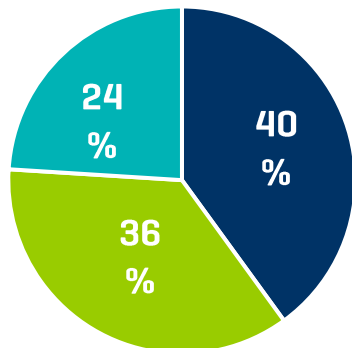
36%

1,3m employees are not actively building up a supplementary pension

3,5%

is the average pension contribution ... but there are big differences

76% of all employees have a pension scheme **contribution below 3%**



- Active pension scheme < 3%
- No active pension scheme
- Active pension scheme ≥ 3%

- **Sector plans:** 90% of active participants contribute less than 3%
- **Company plans:** 41% of active participants contribute less than 3%
- Differences between sectors
- Differences according to salary

Supplementary pension market

Mainly group insurance market

Group Insurance

74% technical provisions



70%

4%

99% of the employers

Pension funds

26% technical provisions



0%

26%

1% of the employers

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AG Employee Benefits: our offer

B2B

- We provide pension [& health] employee benefits
- Complementary to the Belgian Social Security
- To employers and sectors
- In a multi-channel way

**B2B2C
Continuation**

- We offer solutions in pension for retirees (post retirement benefits)

AG Employee Benefits in figures

€ 21,4 billion EUR

ASSETS UNDER MANAGEMENT

2ND PILLAR

35% of AG's total life assets under management

€ 1,690 billion EUR

PREMIUM INFLOW 2ND PILLAR

25% of AG's total premium inflow

1,225,257

AFFILIATES

45% large Belgian companies

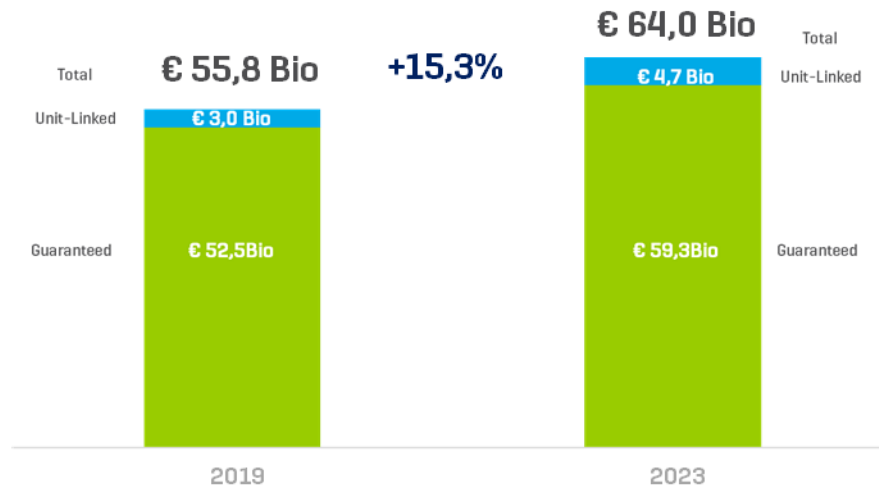


1/2 sectors

CLIENTS OF AG EMPLOYEE BENEFITS

Consistent strong and sustainable growth

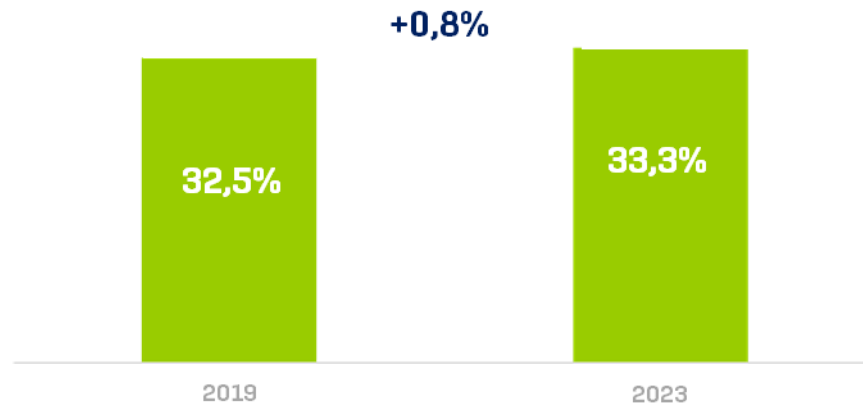
Employee Benefits market – Technical Provisions



Growing market

- The market has known a constant growth in the past
- And is expected to grow further in the future
- There has been a small shift for Guaranteed to Unit-Linked because of the low long term interest rates

AG's market share

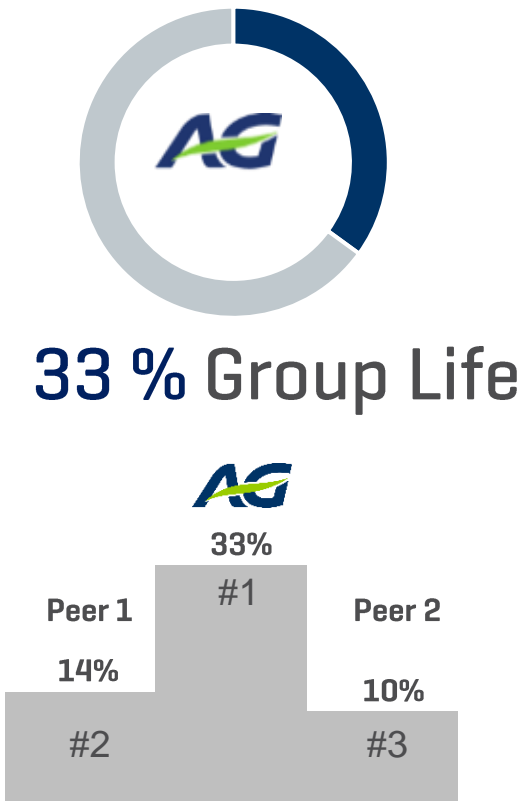


Above the market growth

- AG has a significant market share
- Our market share keeps on growing gradually

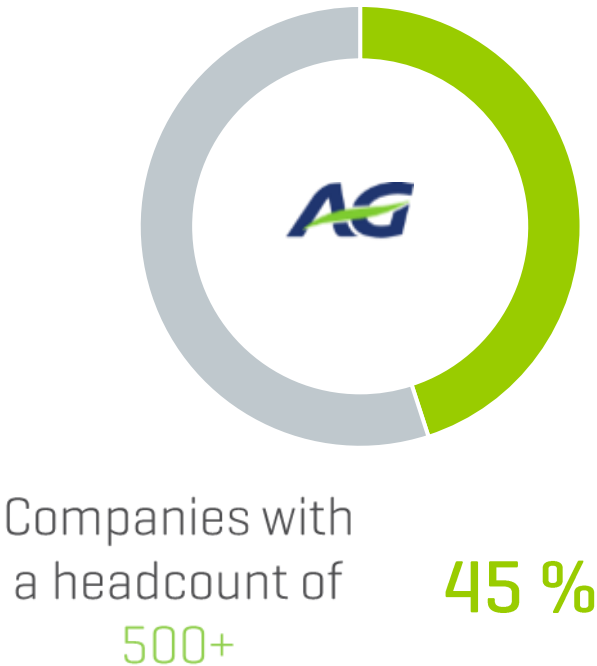
Market leader in group insurance

Market leader with focus on the large Belgian companies



33 % Group Life

Market Concentration
Top-5: 71% Top-10: 94%



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What makes us different

Complete pension player

- **Full asset management offer**
 - **Guaranteed** [in house]
 - **Unit Linked** [3rd party funds architecture]
- **Complete range of products**
 - Defined contribution
 - Defined benefits
 - Cash Balance
 - Lifecycle
 - ...
- **Tailor made** & flexible solutions
- **Conac**: market leader in Belgian **pension funds administration**

Future-proof & Long term vision

- **Highly parametrized and flexible back-end systems**
- **Digital solutions**
 - AG EB Online for the employers [data exchange]
 - My AG Employee Benefits [app] for the affiliates [communication]
- **Responsible investor**
 - Integration of **ESG** factors in every investment decision
 - Long-term investments and **diversified portfolio**
 - **Cash flow matching**

Distribution

A healthy combination of direct and broker business



Guaranteed: 93% of the group insurance

2nd Pillar Insurances



Guaranteed Market share



The solution for employers looking for **security** in the form of a guaranteed interest rate



Guaranteed interest rate

and capital (liability contract)
independent of the result of the insurer's
investments



Possibility to award

profit sharing

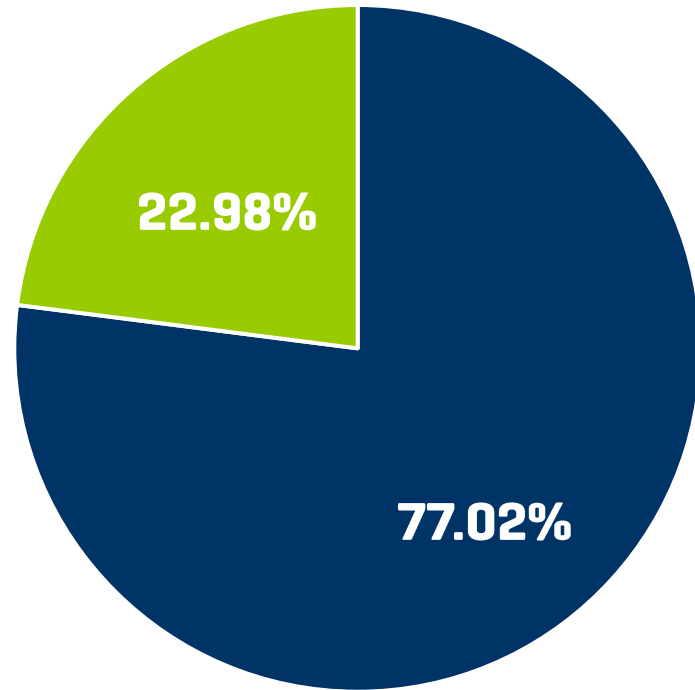
on top of the guaranteed interest rate

Guaranteed and cash flow matching

A well-managed cashflow matching system is and has always been an asset of AG EB. We ensure that the income from our investments cover our pension outlays for the next 30 to 40 years.



A healthy and well-diversified investment portfolio



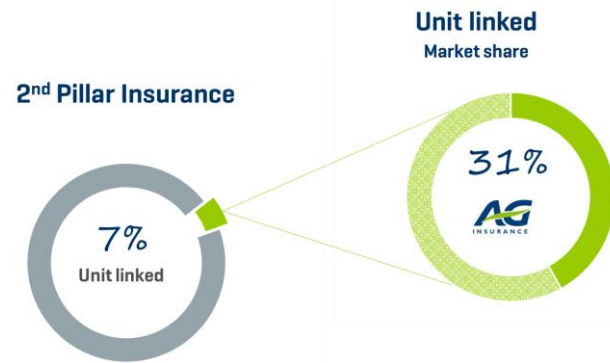
■ Fixed income: 77,02% fixed income of high credit quality

■ Shares / Real Estate: diversification via 22,98% dynamic assets leads to extra return

Cash flow matching assumes a strict management of the level of guaranteed interest rate



Unit linked: 7% of the group insurance



The solution for employers willing to take on **more risk** for the prospect of a **higher return**



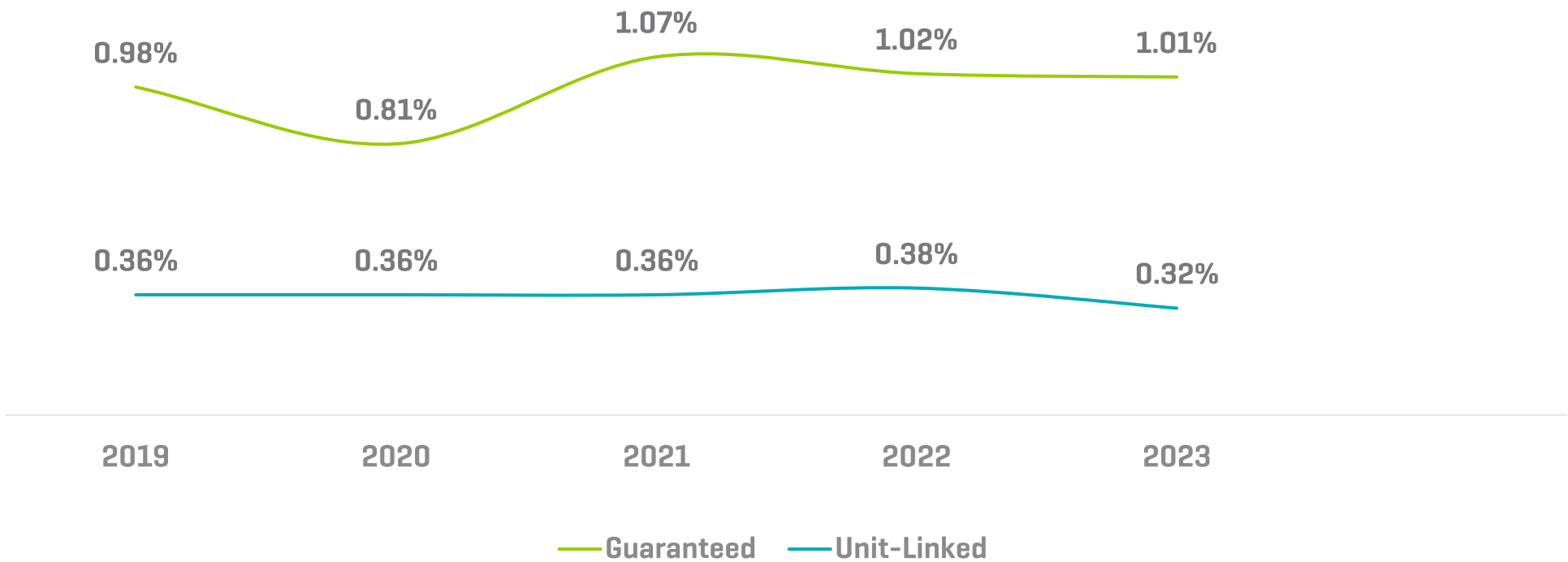
Investment funds
With no guaranteed return (asset contract)



Employers can choose an **investment strategy** that matches their risk profile

Strong and stable operating margins, even in a low interest rate environment

Life margin



Pension funds solutions



Actuarial services

Pension funds administration

Accounting

Risk & governance management

Pension & Co – Multi-employer

- **100% subsidiary of AG**
- **Market leader** in Belgian pension funds administration
- Conac has **an important role** within the **global pension strategy**
- In the pension funds market there are **a lot of large companies** [clients and prospects] present
- **Asset Management** for pension funds

Market dynamics

A growing (but relatively) local market

- Strong local (social) legislation
- Defined contributions: employers need to provide a minimum legal return
- Strong dominance of guaranteed business
- No stimulation of annuity pay-outs (at pension age)
- Evolving client's expectations: experience, lead times and solutions



Specific investments in platforms necessary (digital communication, efficiency, data exchange and compliance)



Barriers for new entrants



Tailor-made solutions for large companies

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Key take-aways

Clear ambitions to further strengthen our leading position



A **growing market**, a **growing market share** and **strong margins**



A **complete offer of pension solutions** [guaranteed, unit linked & pension funds solutions] as an answer to all the different client's pension needs in a volatile market and an environment of rising interest rates



Continued investments in our **back-ends** and **(digital) front ends** to further **broaden the gap with the competition** in terms of **customer experience, lead times and digital communication**

Thank you