



Ageas  
-  
Upcoming  
improvements in  
financial disclosures

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CFO Ageas

INVESTOR DAY 2012

The background of the slide is decorated with a series of overlapping, curved lines in various colors including orange, yellow, green, grey, blue, and purple. These lines sweep across the top and left sides of the slide, creating a dynamic, abstract pattern.

## Introduction

Ageas track record in key areas of reporting

Evolving financial disclosures at Ageas

Margin analysis

Inflow / FuM proportional

Investment portfolio

Shareholders' equity

Triangles on cost of claims – Non-Life

Conclusions



# Introduction

Ageas has achieved a lot in the past 3 years



- Clarify Ageas's structure with focus on **valuation** of **General Account**
  - ✓ legacy issues
  - ✓ net cash position
- Full quarterly reporting
- Improved disclosures on
  - ✓ shareholders' equity
  - ✓ investment portfolio

2009

2010

2011

2012

- Improved disclosure on **Insurance activities**
  - ✓ investment portfolio
  - ✓ solvency
  - ✓ operating performance
- Detailed disclosures on SE-sovereigns
- Improved disclosures on **Insurance** activities with implementation of **segment reporting**:
  - ✓ Belgium
  - ✓ CEU
  - ✓ UK
  - ✓ Asia
- Shortening quarterly reporting **deadlines**
- Dedicated call on **EV** report

Coming from a strong **banking** culture, Ageas has put a lot of effort in adapting its reporting to reach market standard in terms of pure **insurance** reporting

**Context:** general underperformance of insurance industry over the past 15 years

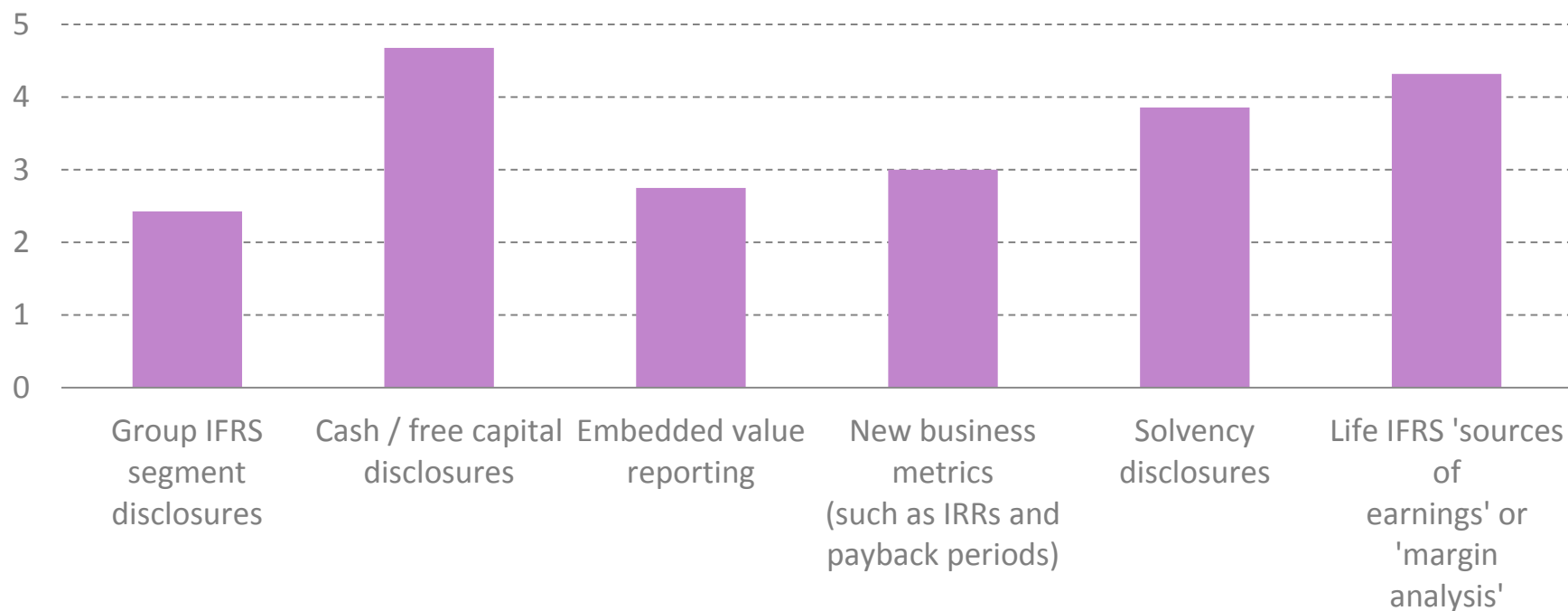
- **economic** uncertainty & market volatility (low interest rate environment etc.)
- **complex accounting** with black box effect
- seemingly unconnected **disclosures & reporting**
- perception of poor **management** & lack of strategic coherence
- poor & insufficient **reporting**
  - ✓ increased assistance needed to understand link between operating performance, risk & capital generation

➔ Study by CFO Forum **Investor Relations Working Group** to better understand the **reasons** & identify **possible solutions**

- ✓ Survey of **fund manager** perceptions of the insurance sector
- ✓ Supplemented with **investors / buy-side analysts** questionnaire on financial reporting

- Macro issues are key concern but financial reporting next in line
- Reporting problems mostly linked to life business
- Life: a long search for consistent & relevant metrics
  - ➔ IFRS earnings
    - important because determining dividend
    - limited visibility as to key drivers of profitability
    - inconsistencies across the sector
  - ➔ EV / Value mgmt
    - complexity
    - inconsistency in calculation & assumptions
    - specific interest in VANB & relation to capital efficiency
  - ➔ Cash/Free capital
    - impact Solvency II
    - minimal information on interaction assets/liabilities
    - free surplus generation of life business (part of MCEV report)
- Non-Life
  - ➔ Less perceived major issue but significant room for improvement remains

→ Areas of reporting that should be  
key priorities





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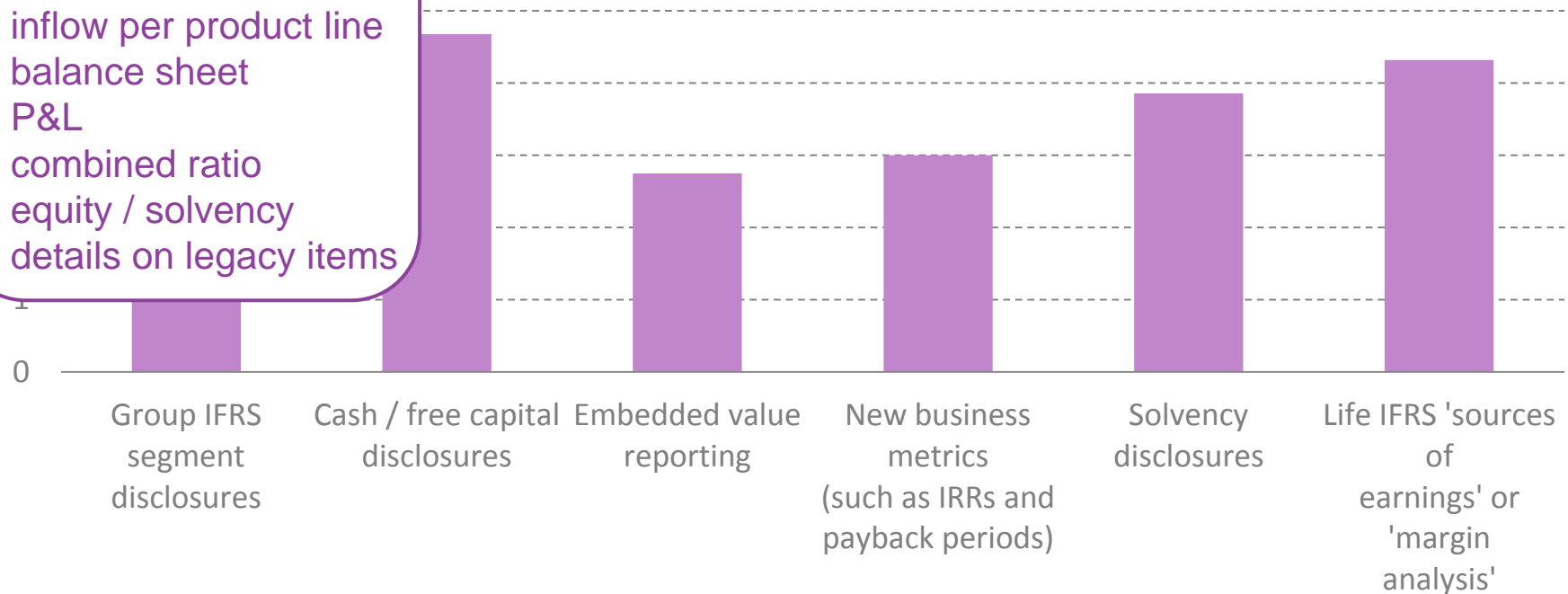
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# Ageas's track record on identified key areas of reporting (1/6)

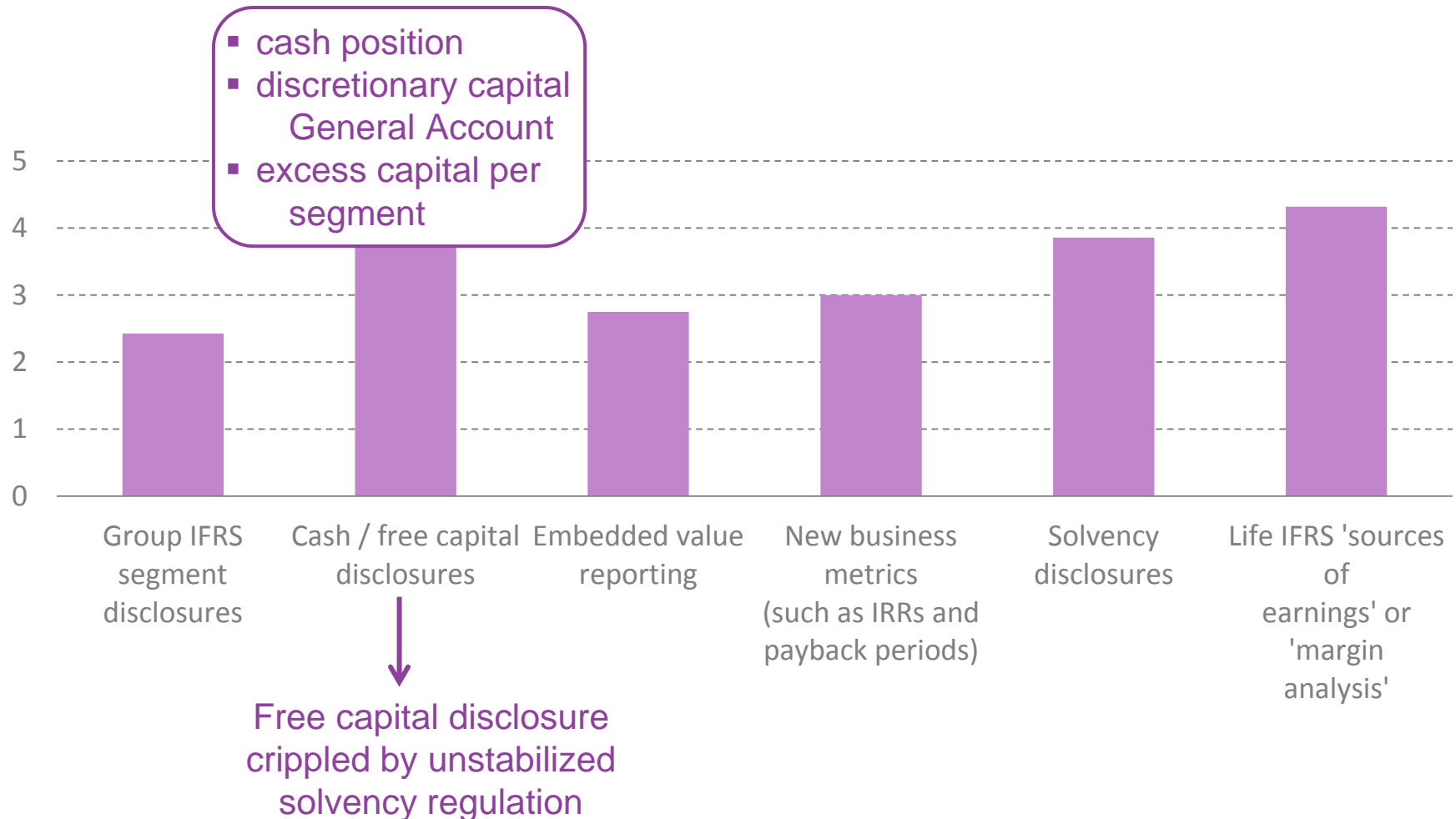


- insurance segments & General Account
- inflow per product line
- balance sheet
- P&L
- combined ratio
- equity / solvency
- details on legacy items

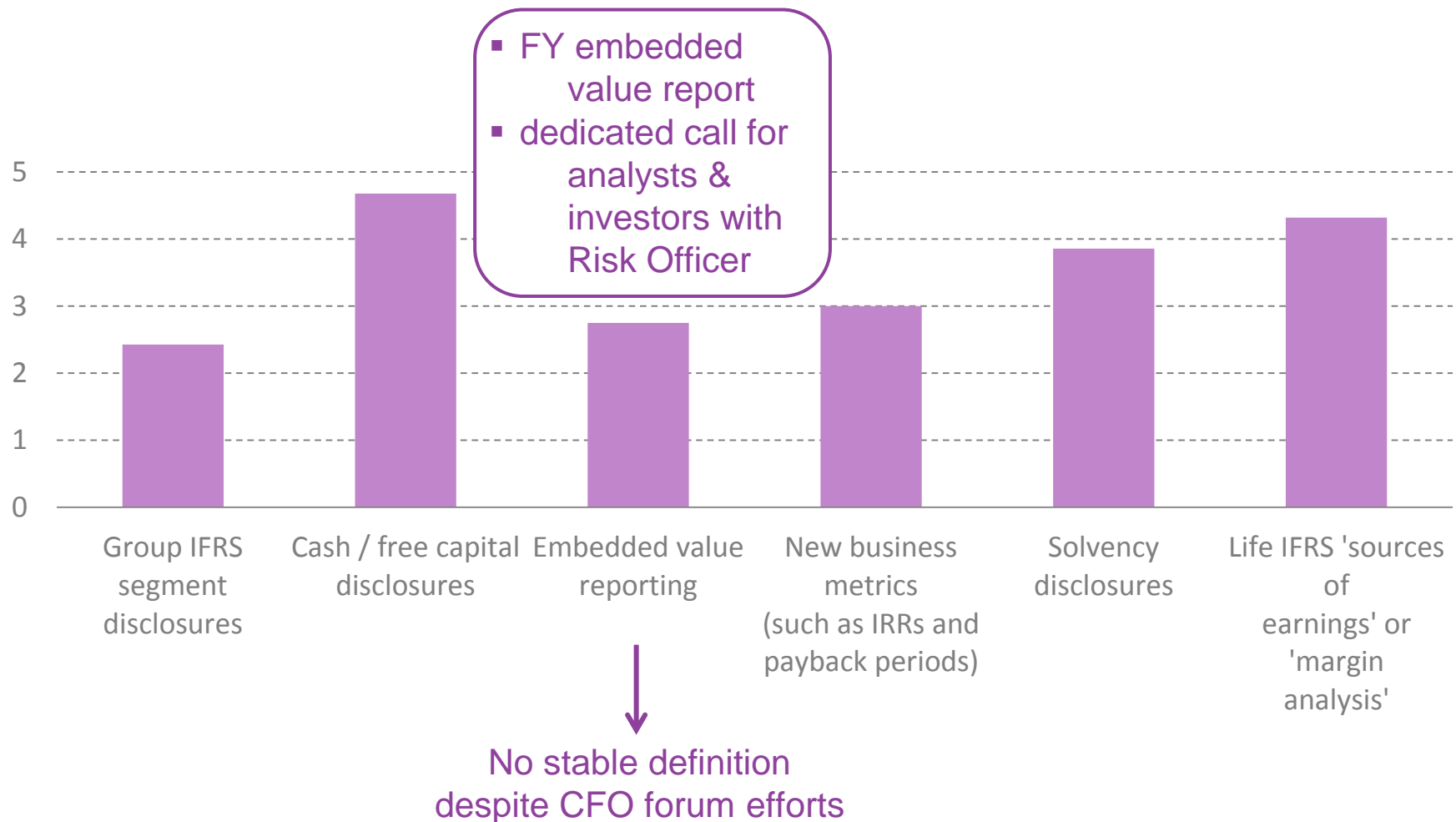




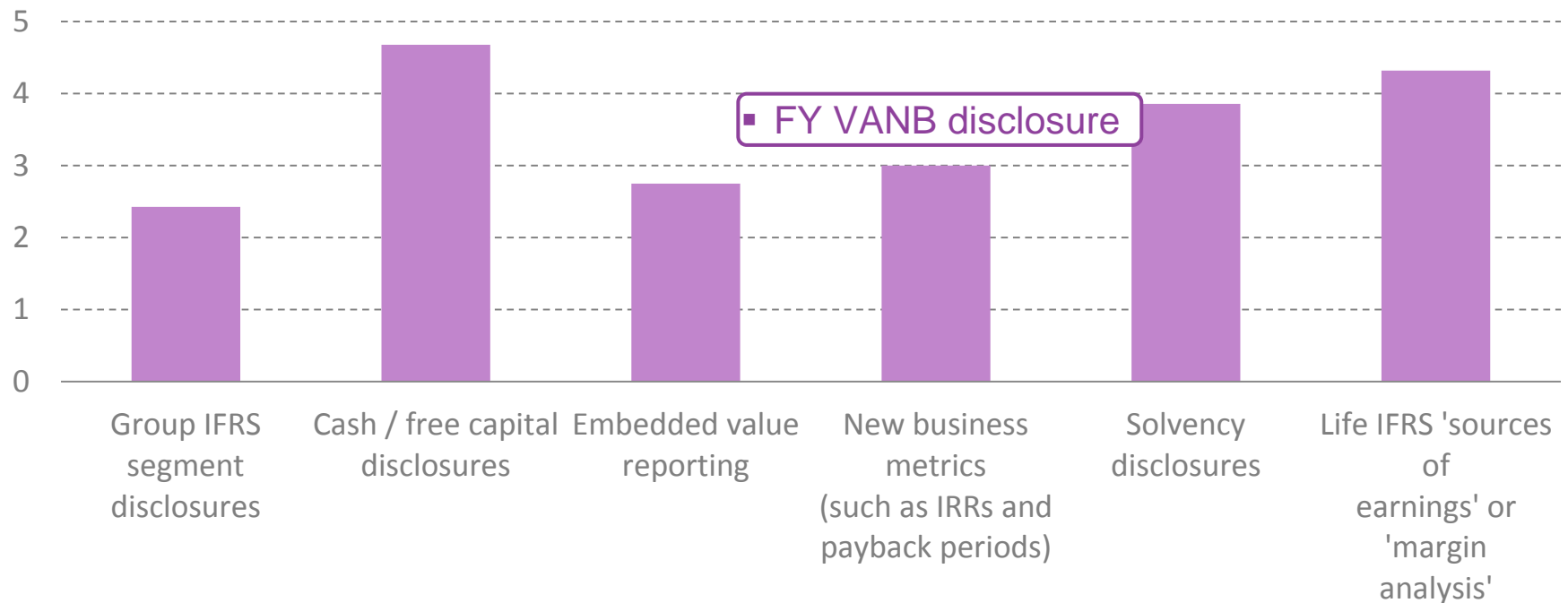
## Ageas's track record on identified key areas of reporting (2/6)



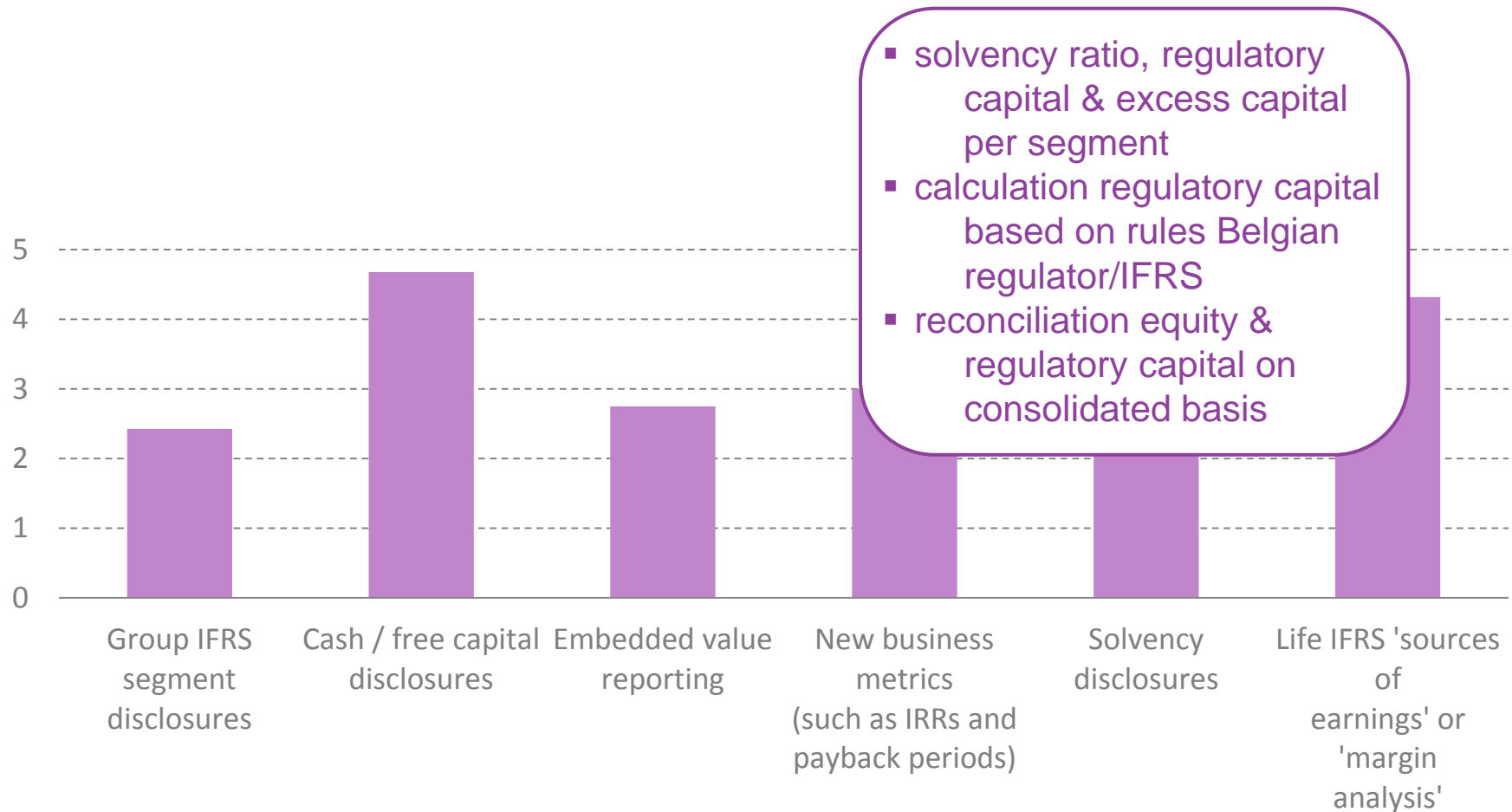
## Ageas's track record on identified key areas of reporting (3/6)



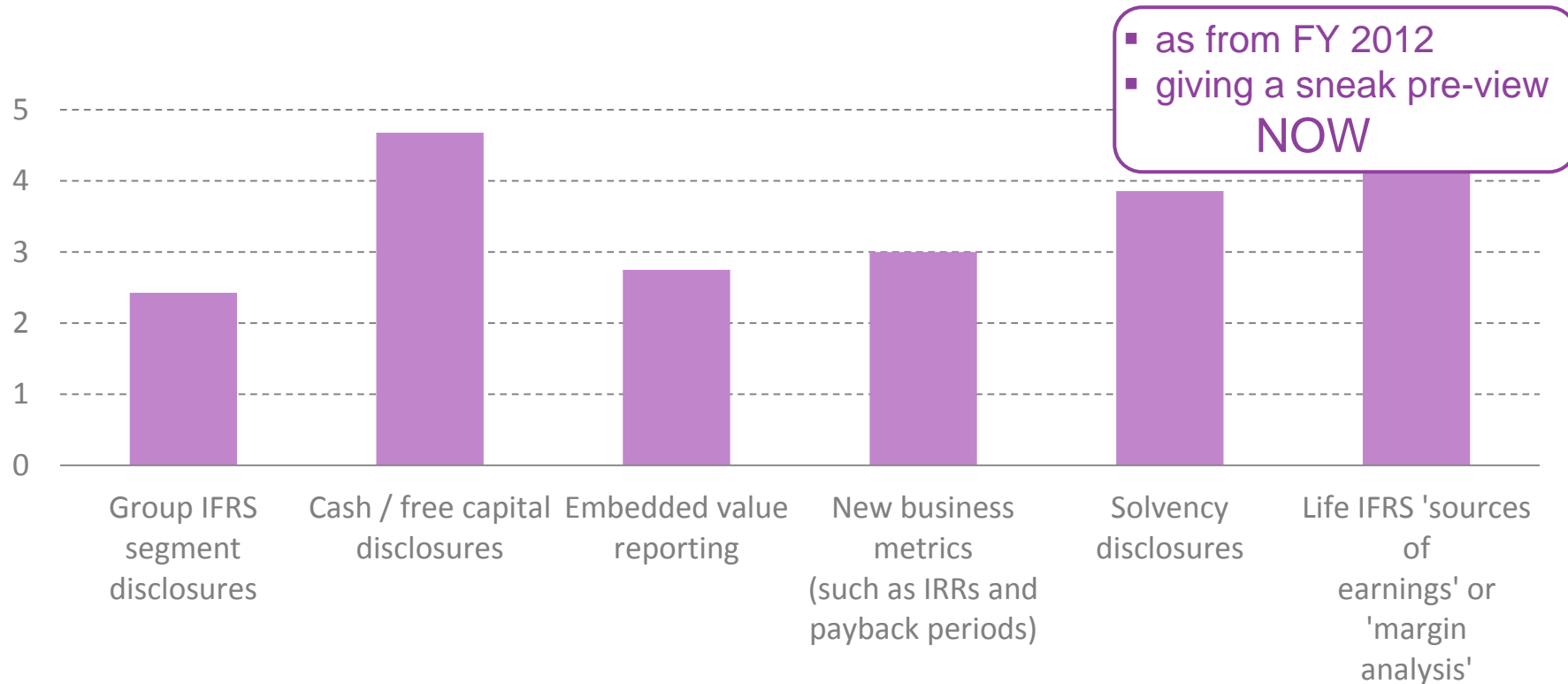
## Ageas's track record on identified key areas of reporting (4/6)



## Ageas's track record on the identified areas of reporting (5/6)



## Ageas's track record on identified key areas of reporting (6/6)







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# Margin analysis Life Insurance (1/3)

## More detailed reporting as of FY 2012, sneak preview



| Income Statement - Life<br>in EUR million |         |         |        |         |         |        |         |
|---|---------|---------|--------|---------|---------|--------|---------|
|   | 6M 12   | 6M 11   | Change | Q2 12   | Q2 11   | Change | Q1 12   |
| Gross inflow Life                         | 3,427.8 | 3,790.7 | (9.6%) | 1,793.6 | 1,725.7 | 3.9%   | 1,634.2 |
| Operating margin                          | 276.3   | 77.5    | *      | 106.5   | (52.8)  | *      | 169.8   |
| Non-allocated other income and expenses   | 50.9    | (23.1)  | *      | 26.2    | (61.2)  | *      | 24.7    |
| Result before taxation                    | 389.5   | 89.0    | *      | 163.2   | (97.1)  | *      | 226.3   |
| Income tax expenses                       | (122.7) | (20.9)  | *      | (59.4)  | 18.9    | *      | (63.3)  |
| Non-controlling interests                 | 61.4    | 16.6    | *      | 23.8    | (23.9)  | *      | 37.6    |
| Net result attributable to shareholders   | 205.4   | 51.5    | *      | 80.0    | (54.3)  | *      | 125.4   |

| Income Statement - Life<br>in EUR million |                     |                     |                        |                        |
|---|---------------------|---------------------|------------------------|------------------------|
|   | Guaranteed<br>6M 12 | Guaranteed<br>6M 11 | Unit - Linked<br>6M 12 | Unit - Linked<br>6M 11 |
| Gross inflow Life                         | 2,943.3             | 2,650.2             | 484.5                  | 1,110.4                |
| Risk result                               |                     | 119.5               | 7.0                    | 5.1                    |
| Investment result                         | 203.9               | 16.4                | 0.3                    | (0.0)                  |
| Expense & other result                    | (1.6)               | (91.3)              | 24.3                   | 27.8                   |
| Operating margin                          | 244.7               | 44.6                | 31.6                   | 32.9                   |

**ADDITIONAL**

| Key Performance Indicators - Life<br>in EUR million |                     |                     |                        |                        |
|---|---------------------|---------------------|------------------------|------------------------|
|   | Guaranteed<br>6M 12 | Guaranteed<br>6M 11 | Unit - Linked<br>6M 12 | Unit - Linked<br>6M 11 |
| Risk margin   | 0.50%               | 0.46%               | 0.12%                  | 0.05%                  |
| Investment margin                                   | 0.76%               | 0.06%               | 0.01%                  | (0.00%)                |
| Expense & other margin                              | (0.34%)             | (0.35%)             | 0.42%                  | 0.27%                  |
| Operating margin                                    | 0.92%               | 0.17%               | 0.55%                  | 0.32%                  |
| Technical reserves (in EUR million)                 | 54,387              | 52,775              | 11,462                 | 20,242                 |

# Margin analysis Non-Life Insurance (2/3)

More detailed reporting as of FY 2012, sneak preview

ageas

ADDITIONAL

| Income Statement - Non-Life             |         |         |        |         |         |        |         |
|---|---------|---------|--------|---------|---------|--------|---------|
| in EUR million                          |         |         |        |         |         |        |         |
|   | 6M 12   | 6M 11   | Change | Q2 12   | Q2 11   | Change | Q1 12   |
| Gross written premiums Non-Life         | 2,276.6 | 2,123.3 | 7.2%   | 1,090.0 | 1,021.6 | 6.7%   | 1,186.7 |
| Net earned premiums                     | 2,022.8 | 1,631.7 | 24.0%  | 1,033.8 | 847.9   | 21.9%  | 989.0   |
| Operating margin                        | 154.2   | 69.5    | 121.8% | 118.4   | 44.7    | 165.0% | 35.8    |
| Result before taxation                  | 174.5   | 81.7    | 113.7% | 124.0   | 42.2    | 194.1% | 50.5    |
| Income tax expenses                     | (52.5)  | (23.3)  | 125.6% | (38.4)  | (13.2)  | 191.5% | (14.2)  |
| Non-controlling interests               | (32.6)  | (10.4)  | 214.5% | (22.4)  | (5.8)   | 289.8% | (10.1)  |
| Net result attributable to shareholders | 89.5    | 48.0    | 86.3%  | 63.2    | 23.2    | 171.9% | 26.3    |

| Income Statement - Non-Life     |                            |                            |                |                |               |               |                      |                      |
|---------------------------------|----------------------------|----------------------------|----------------|----------------|---------------|---------------|----------------------|----------------------|
| in EUR million                  |                            |                            |                |                |               |               |                      |                      |
|                                 | Accident & Health<br>6M 12 | Accident & Health<br>6M 11 | Motor<br>6M 12 | Motor<br>6M 11 | Fire<br>6M 12 | Fire<br>6M 11 | Other lines<br>6M 12 | Other lines<br>6M 11 |
| Gross written premiums Non-Life | 422.6                      | 422.3                      | 972.8          | 972.8          | 544.1         | 538.7         | 202.4                | 188.2                |
| Net earned premiums             | 382.0                      | 382.0                      | 689.2          | 689.2          | 490.5         | 416.9         | 162.7                | 152.0                |
| Net underwriting result         | 24.5                       | 11.0                       | 9.2            | 9.2            | (14.6)        | (22.7)        | (9.5)                | (3.9)                |
| Investment result               | 21.0                       | 14.3                       | 30.3           | 30.3           | 15.0          | 11.0          | 15.7                 | 11.0                 |
| Other result                    | 0.6                        | (2.6)                      | 5.5            | 5.5            | 0.6           | 0.6           | 0.6                  | 0.6                  |
| Operating margin                | 51.6                       | 28.1                       | 45.0           | 45.0           | 1.0           | (1.1)         | 1.4                  | 7.6                  |

ADDITIONAL

| Key Performance Indicators - Non-Life |                            |                            |                |                |               |               |                      |                      |
|---------------------------------------|----------------------------|----------------------------|----------------|----------------|---------------|---------------|----------------------|----------------------|
| in EUR million                        |                            |                            |                |                |               |               |                      |                      |
|                                       | Accident & Health<br>6M 12 | Accident & Health<br>6M 11 | Motor<br>6M 12 | Motor<br>6M 11 | Fire<br>6M 12 | Fire<br>6M 11 | Other lines<br>6M 12 | Other lines<br>6M 11 |
| Net combined ratio                    | 93.6%                      | 95.6%                      | 96.5%          | 98.7%          | 103.0%        | 105.4%        | 105.9%               | 102.5%               |
| Net claims ratio                      | 69.2%                      | 71.4%                      | 71.1%          | 71.2%          | 61.7%         | 62.8%         | 62.0%                | 60.3%                |
| Net claims ratio Current Year         | 78.6%                      | 80.3%                      | 73.2%          | 74.6%          | 69.9%         | 64.0%         | 62.7%                | 64.7%                |
| Net claims ratio Prior Year           | (9.3%)                     | (8.9%)                     | (2.1%)         | (3.3%)         | (8.2%)        | (1.2%)        | (0.7%)               | (4.4%)               |
| Net expense ratio                     | 24.3%                      | 24.2%                      | 25.4%          | 27.4%          | 41.3%         | 42.7%         | 43.8%                | 42.2%                |
| Net underwriting ratio                | 6.4%                       | 4.4%                       | 3.5%           | 1.3%           | (3.0%)        | (5.4%)        | (5.9%)               | (2.5%)               |
| Investment ratio                      | 6.9%                       | 3.8%                       | 4.7%           | 4.4%           | 3.1%          | 2.6%          | 9.7%                 | 7.3%                 |
| Other margin                          | 0.2%                       | (0.7%)                     | 1.4%           | 0.8%           | 0.1%          | 0.1%          | 0.1%                 | 0.4%                 |
| Operating margin                      | 13.5%                      | 7.5%                       | 9.6%           | 6.5%           | 0.2%          | (2.7%)        | 3.9%                 | 5.1%                 |
| Reserves ratio                        | 258.6%                     | 251.0%                     | 148.2%         | 170.8%         | 82.2%         | 93.0%         | 270.9%               | 272.6%               |
| Non-Life reserves (in EUR m)          | 1,975.5                    | 1,875.3                    | 2,928.2        | 2,353.7        | 806.1         | 775.3         | 881.7                | 828.4                |

# Margin analysis Life & Non-Life Insurance (3/3)

## Major changes as of FY 2012 vs. current reporting

---



→ For consolidated companies only

→ Per segment

- Total Insurance
- Belgium
- UK
- CEU
- Asia

→ Abolishment of technical result & towards focus on **operating margin** only

### Life

→ Per product family

- Guaranteed
- Unit-linked

### Non-Life

→ Additional disclosures

- Risk result
- Investment result
- Expense & other result

- Accident & Health
- Motor
- Fire
- Other insurance
- Net earned premium
- Net Underwriting result
- Investment result
- Other result
- CY / PY Claims ratio
- Reserves ratio

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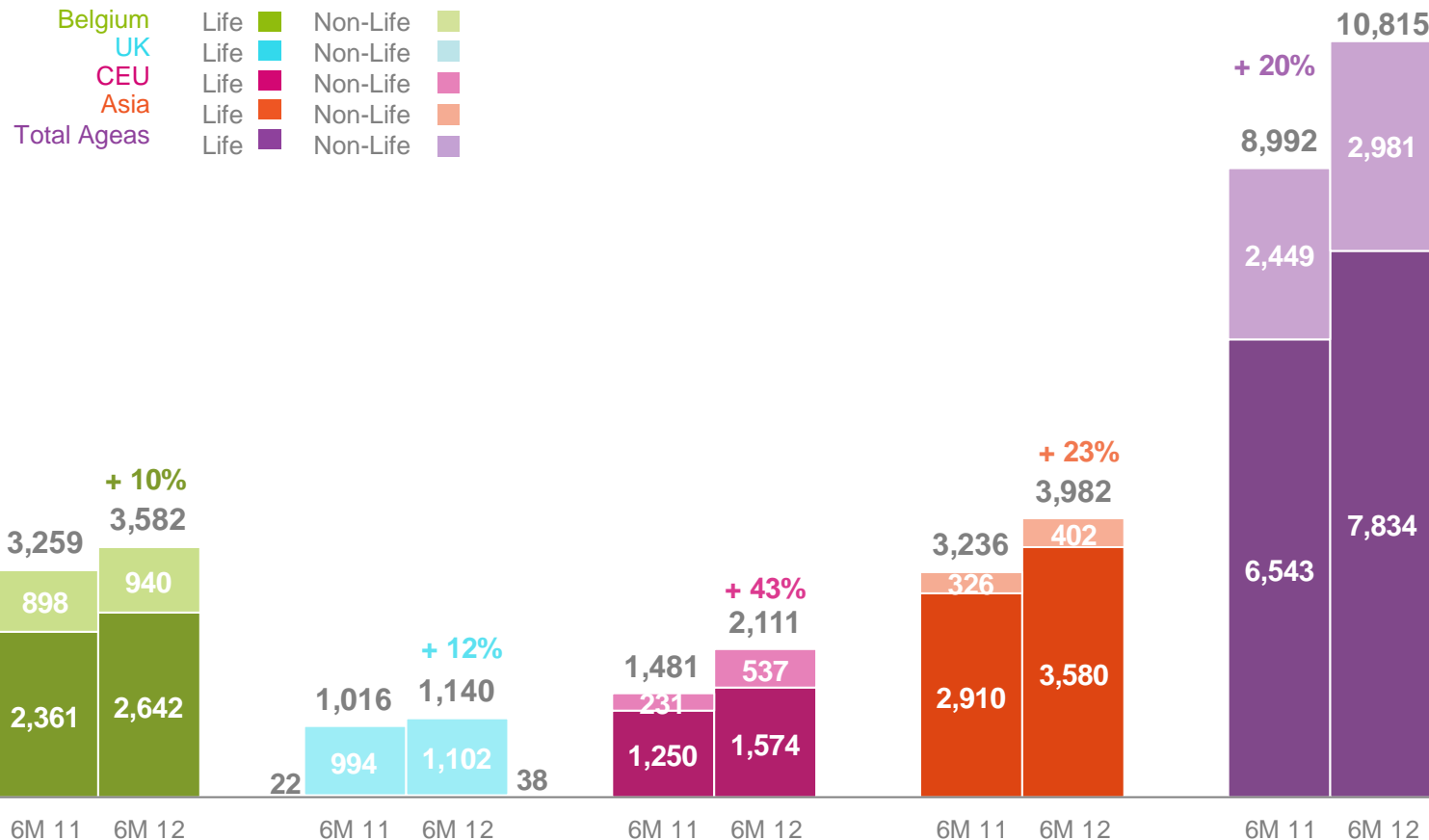
# Inflow reporting

Strive for a better link between top line & bottom line performance



In EUR mio

➔ Consolidated & Non-consolidated @ 100%



# Inflow reporting

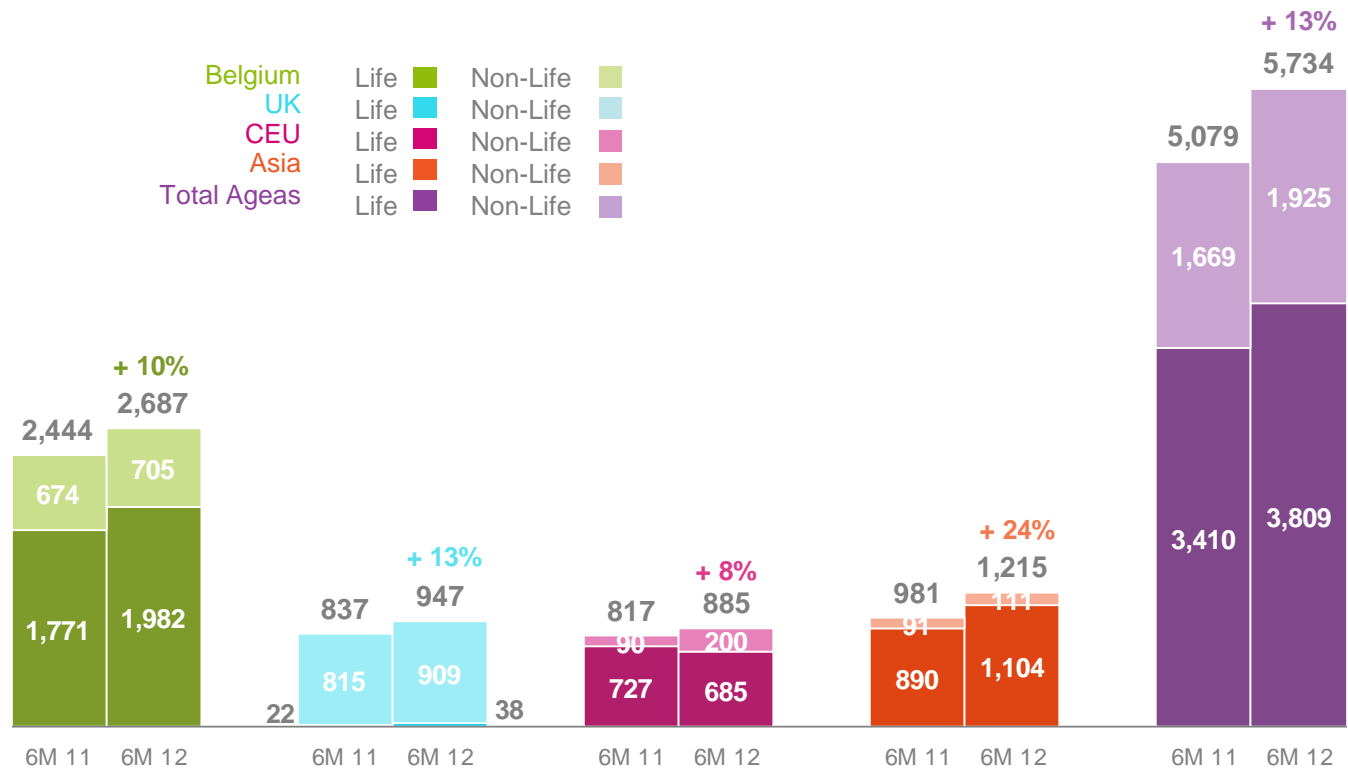
## Proportional presentation improves link with bottom line view



In EUR mio

### ➔ Consolidated & Non-consolidated @ ageas share

|                         |             |
|-------------------------|-------------|
| <b>Belgium</b>          | <b>75%</b>  |
| <b>UK</b>               | <b>100%</b> |
| Tesco                   |             |
| Underwriting            | 50%         |
| <b>CEU</b>              |             |
| <b>Consolidated</b>     |             |
| Portugal                | 51%         |
| France                  | 100%        |
| Luxembourg (FY 11)      | 50%         |
| Germany                 | 100%        |
| Italy                   | 25%         |
| <b>Non-consolidated</b> |             |
| Turkey                  | 36%         |
| Luxembourg (FY 12)      | 33%         |
| <b>Asia</b>             |             |
| <b>Consolidated</b>     |             |
| Hong Kong               | 100%        |
| <b>Non-consolidated</b> |             |
| Malaysia                | 31%         |
| Thailand                | 31%/15%     |
| China                   | 25%         |
| India                   | 26%         |



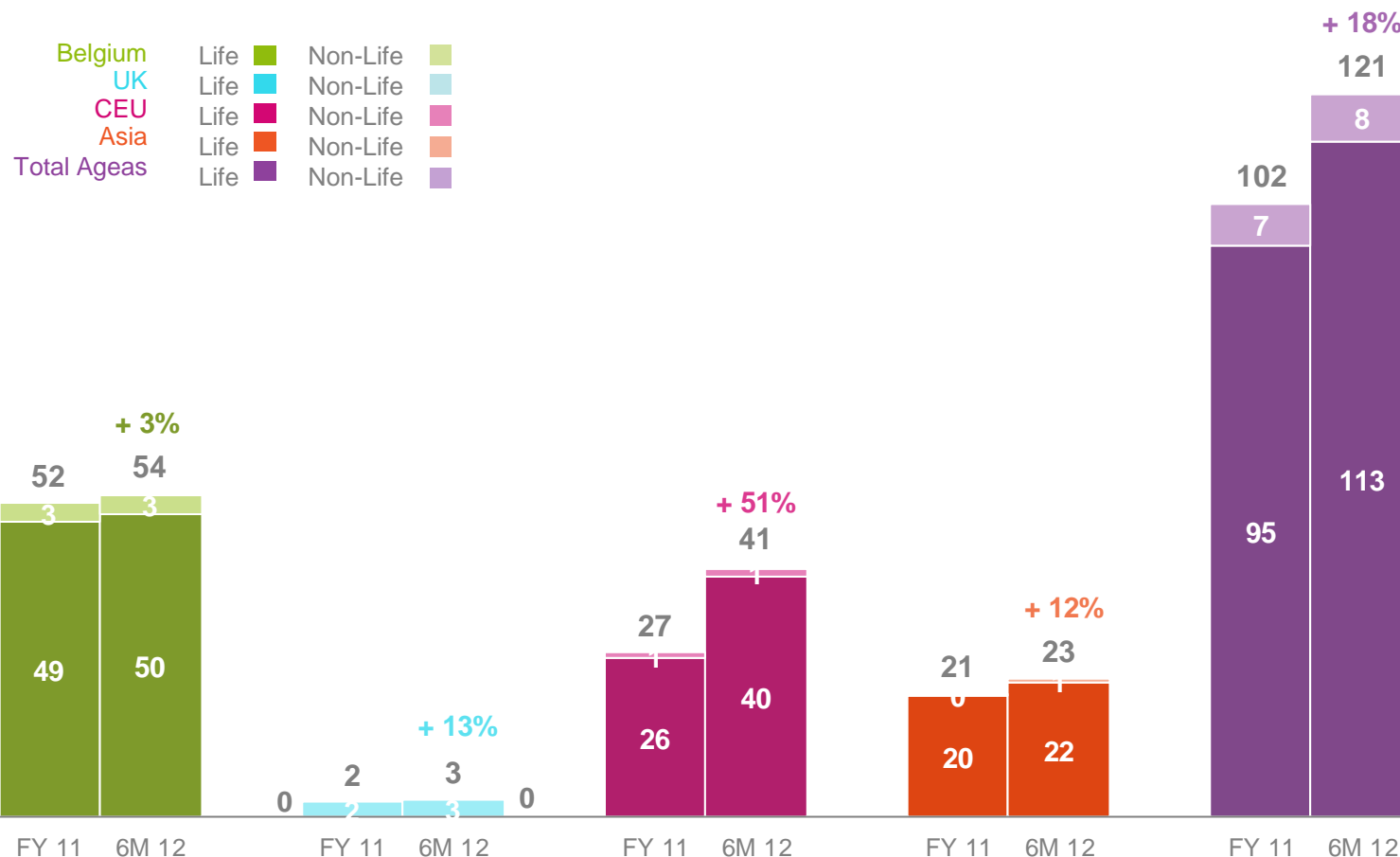
# Funds under Management reporting

Strive for a better link between top line & bottom line performance

ageas

In EUR bn

➔ Consolidated & Non-consolidated @ 100%



# “Funds under Management” renamed into “Technical reserves”

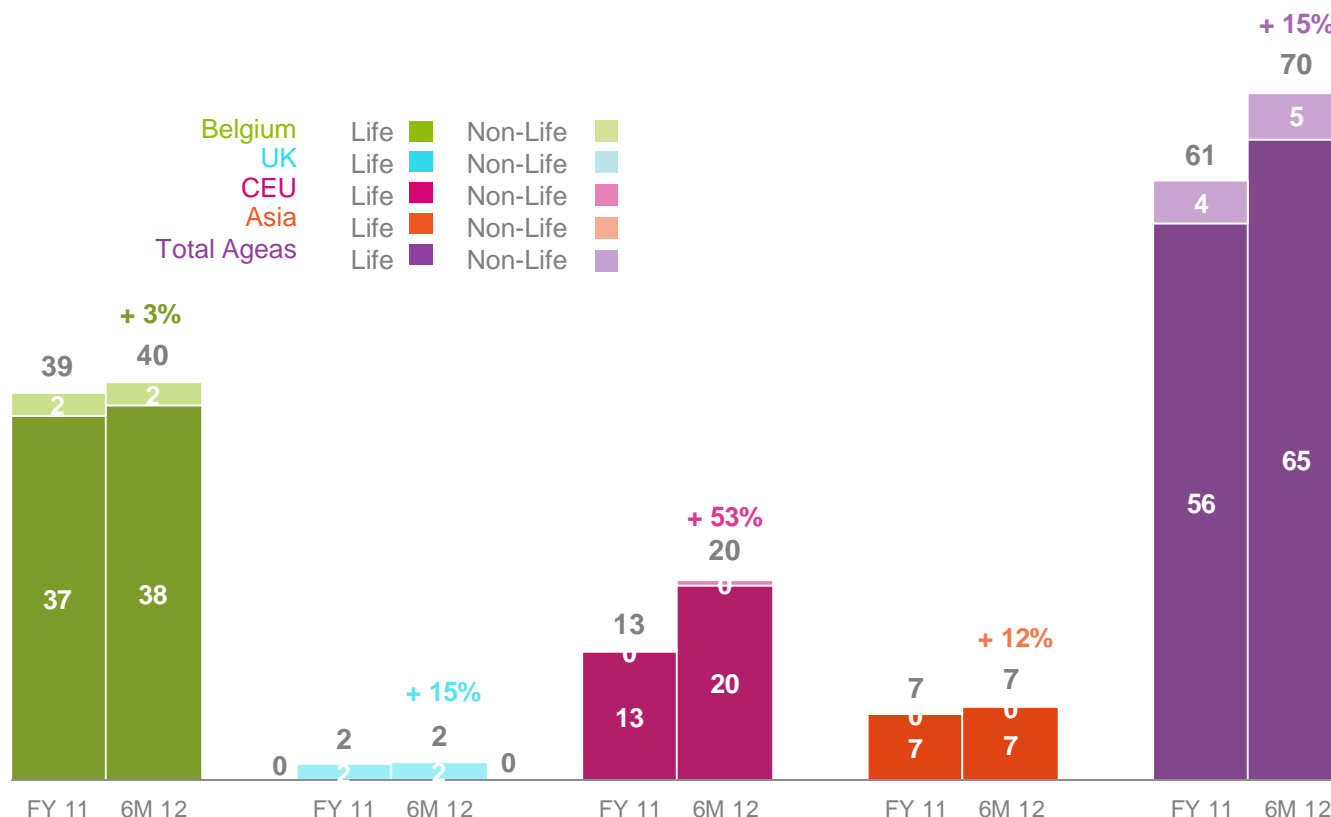
## Proportional presentation improves link with bottom line view



In EUR bn

➔ Consolidated & Non-consolidated @ ageas share

|                         |  |             |
|-------------------------|--|-------------|
| <b>Belgium</b>          |  | <b>75%</b>  |
| <b>UK</b>               |  | <b>100%</b> |
| Tesco                   |  |             |
| Underwriting            |  | 50%         |
| <b>CEU</b>              |  |             |
| <b>Consolidated</b>     |  |             |
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| France                  |  | 100%        |
| Luxembourg (FY 11)      |  | 50%         |
| Germany                 |  | 100%        |
| Italy                   |  | 25%         |
| <b>Non-consolidated</b> |  |             |
| Turkey                  |  | 36%         |
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| <b>Asia</b>             |  |             |
| <b>Consolidated</b>     |  |             |
| Hong Kong               |  | 100%        |
| <b>Non-consolidated</b> |  |             |
| Malaysia                |  | 31%         |
| Thailand                |  | 31%/15%     |
| China                   |  | 25%         |
| India                   |  | 26%         |





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# More complete disclosure on investment portfolio

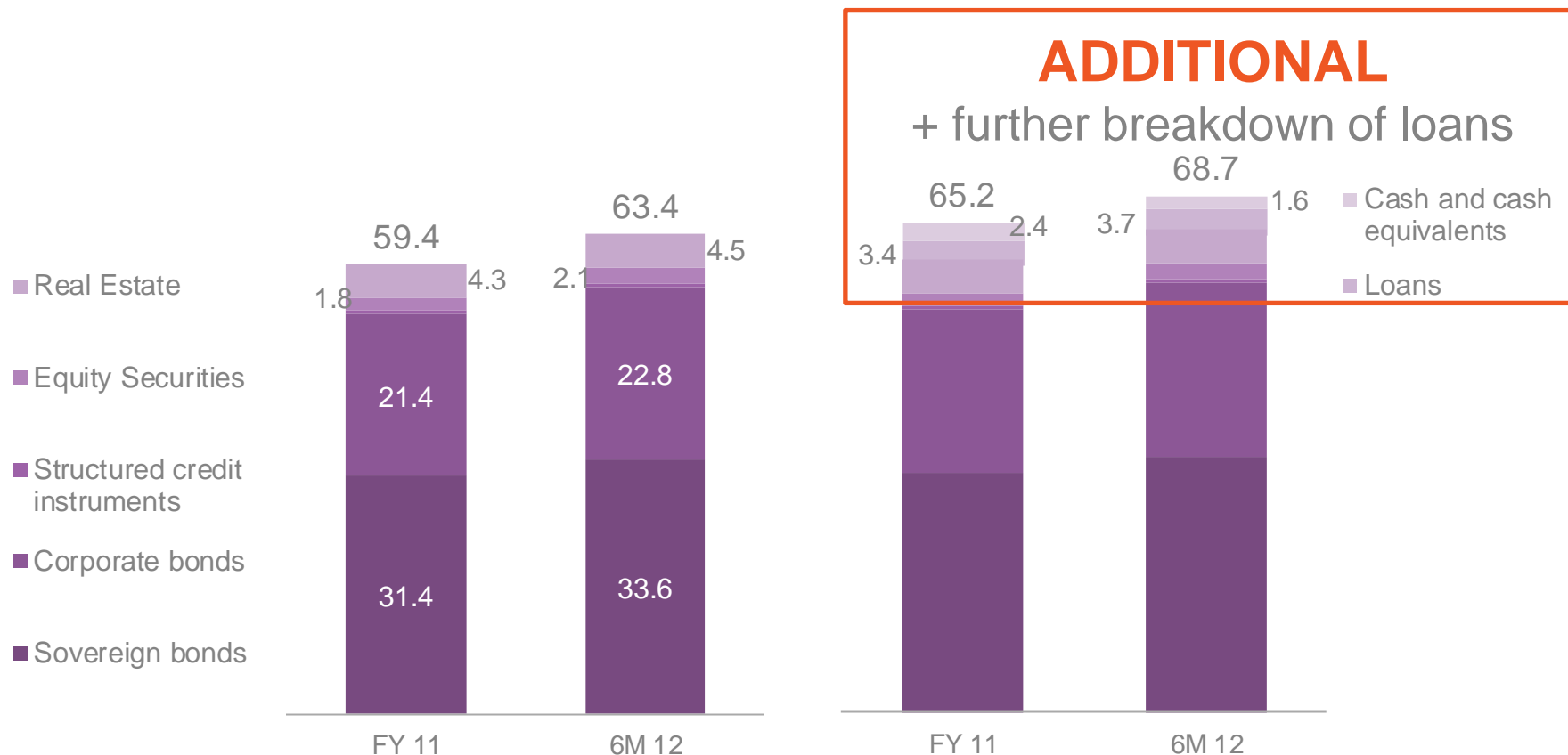
## Reporting on new asset classes as of FY 2012

ageas

EUR mio

as you know it

what it will be like as of  
FY 2012 ...





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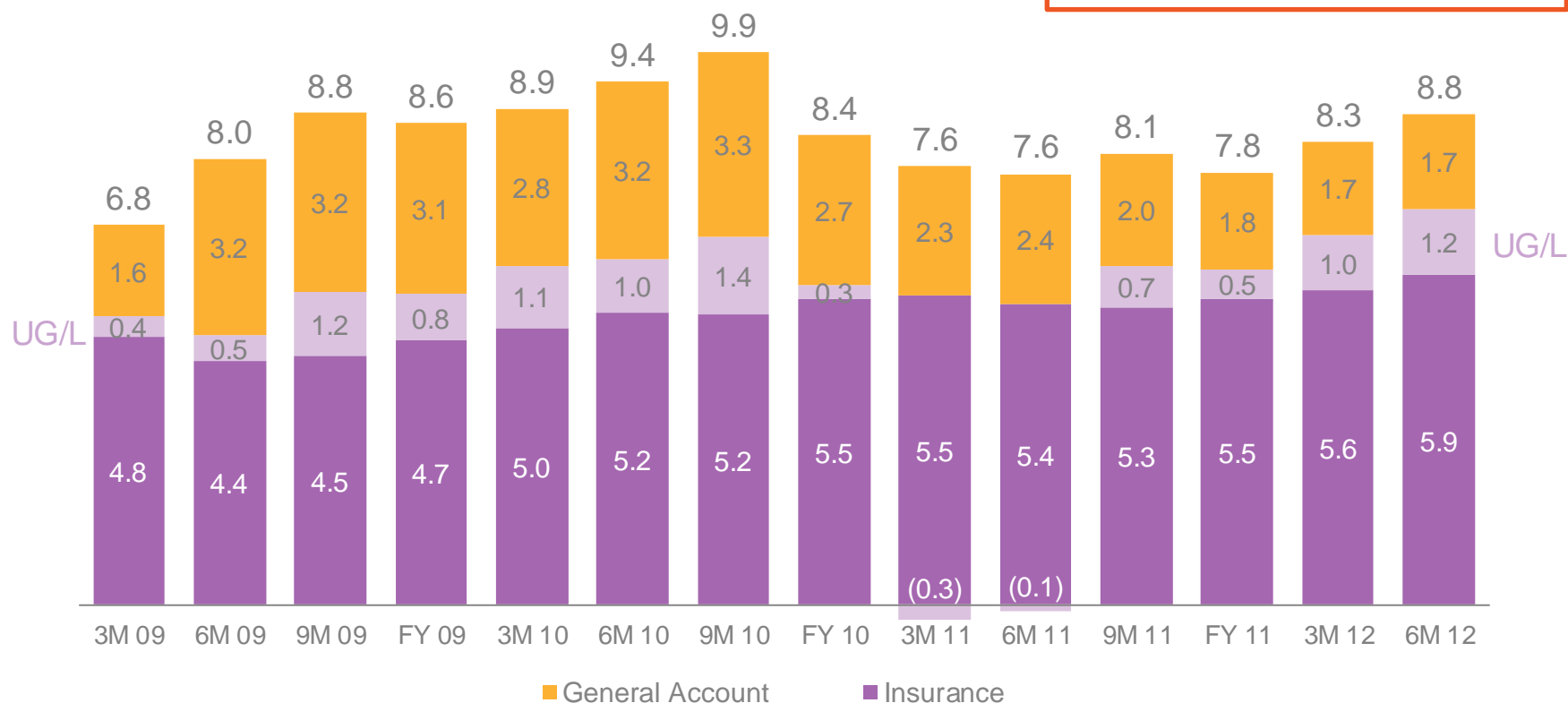
# Shareholders' equity

## Insurance equity volatile by movements in unrealized gains & losses

ageas

In EUR bn

**ADDITIONAL:**  
split between Insurance,  
General Account & UG/L



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# Loss reserve developments

Additional reporting on segments, based on accident year as of FY 2012 **ageas**

- One **consolidated** Loss reserve development table already disclosed in Annual Report (note 7.12), driven by IFRS requirements, based on “**book year**” convention.
- Additional **online yearly** reporting based on “**accident years**” at segment level & consolidated view

**ADDITIONAL**

## Segment X Run-off table (2011)

Accident Year as at 31 December

All material figures quoted are undiscounted

Cumulative payments at:

|      | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2002 | 82.3  |       |       |       |       |       |       |       |       |       |
| 2003 | 164.3 | 75.6  |       |       |       |       |       |       |       |       |
| 2004 | 238.6 | 153.8 | 79.2  |       |       |       |       |       |       |       |
| 2005 | 288.5 | 224.1 | 160.3 | 83.8  |       |       |       |       |       |       |
| 2006 | 328.8 | 277.0 | 232.0 | 167.9 | 95.5  |       |       |       |       |       |
| 2007 | 360.0 | 318.0 | 285.5 | 241.8 | 188.0 | 107.9 |       |       |       |       |
| 2008 | 387.9 | 353.1 | 330.5 | 299.2 | 271.8 | 216.7 | 121.2 |       |       |       |
| 2009 | 417.1 | 387.4 | 373.0 | 352.6 | 338.7 | 312.8 | 237.9 | 127.3 |       |       |
| 2010 | 436.7 | 411.2 | 402.7 | 390.7 | 387.9 | 377.0 | 332.6 | 258.9 | 158.5 |       |
| 2011 | 454.3 | 432.6 | 428.5 | 424.5 | 430.4 | 432.4 | 406.3 | 361.7 | 316.6 | 155.4 |

Cost of Claims (cumulative payments + outstanding reserves):

|      |       |       |       |       |       |       |       |       |        |        |
|------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| 2002 | 757.1 |       |       |       |       |       |       |       |        |        |
| 2003 | 673.8 | 721.4 |       |       |       |       |       |       |        |        |
| 2004 | 663.2 | 685.8 | 754.8 |       |       |       |       |       |        |        |
| 2005 | 662.1 | 680.2 | 723.0 | 792.6 |       |       |       |       |        |        |
| 2006 | 609.9 | 658.8 | 699.0 | 750.5 | 822.7 |       |       |       |        |        |
| 2007 | 641.1 | 654.9 | 688.2 | 736.1 | 797.9 | 880.5 |       |       |        |        |
| 2008 | 645.7 | 657.1 | 693.7 | 744.0 | 803.1 | 884.0 | 940.1 |       |        |        |
| 2009 | 624.7 | 635.3 | 668.6 | 716.8 | 774.9 | 853.7 | 896.5 | 963.3 |        |        |
| 2010 | 615.5 | 625.7 | 658.1 | 704.1 | 761.8 | 842.4 | 894.2 | 939.7 | 1060.8 |        |
| 2011 | 611.5 | 621.8 | 656.4 | 700.4 | 756.5 | 832.3 | 880.0 | 933.4 | 1033.1 | 1068.4 |

Gross Outstanding Claims Reserves

(including IBNR& Prov for costs)

Redundancy/deficiency

from initial claims versus re-estimated reserves  
accounted for this year

Claims with regard to workers' compensation and health care

Total claims in the statement of financial position (Note 28)

|       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 157.1 | 189.2 | 228.0 | 276.0 | 326.1 | 400.0 | 473.8 | 571.7 | 716.5 | 913.0 |
| 145.6 | 99.7  | 98.4  | 92.1  | 66.2  | 48.2  | 60.0  | 29.9  | 27.6  |       |
| 4.0   | 3.9   | 1.7   | 3.7   | 5.3   | 10.1  | 14.2  | 6.3   | 27.7  |       |

1,145.3

2,839.1





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- Continuous improvements since 2009, reflecting Ageas's new business profile & corresponding to Insurance market practices
- Additional info will be released to further improve financial disclosures in order to help financial markets better understand Ageas's business model
- Future and further enhancement will be studied going forward in line with industry evolution of practices & regulation (Solvency II, IFRS phase 2,...)



# Disclaimer

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.

