



Ageas
-
The way forward
to 2015

Bart De Smet
CEO Ageas

INVESTOR DAY 2012

An abstract graphic on the left side of the slide, consisting of numerous thin, curved lines in various colors including orange, yellow, green, blue, and purple. These lines sweep from the bottom left towards the top right, creating a sense of motion and flow.

Ageas's achievements since 2009

Challenges & Opportunities in the Insurance sector

Ageas' Vision 2015

Investor Day 2012 : Focus on Ageas Non-Life

Conclusions

- Rename the company and introduction of a **new brand (Ageas)**
- **Streamlining** portfolio and strengthening of **partnerships**
- **Selective investments** in Life & Non-Life business aimed at **strengthening and growing** the business in challenging market conditions
- Preserve **sound capital position** even in turbulent times, with **balanced use** of capital
- **Simplification** of the group structure
- Progressively seeking sustainable solutions for **legacy issues**

Ageas's achievements since 2009

Company changed name into Ageas in April 2010, a global rollout since **ageas.**

APRIL 2010:
NAME CHANGES TO AGEAS



JUNE 2010:
MOVE TO AGEAS HQ



AUGUST 2010:
REBRAND ASIA



OCTOBER 2010:
REBRAND UK



MAY 2011:
LAUNCH AGEAS
SHAREHOLDERS'
CLUB



JUNE 2011:
1ST EDITION AGEAS
PARTNERSHIP DAYS



AGEAS AND SABANCI AGREE TO
JOINTLY INCREASE THEIR STAKE IN
AKSIGORTA



7 AUGUSTUS 2012
AGEAS SIMPLIFICATION



Ageas's achievements since 2009

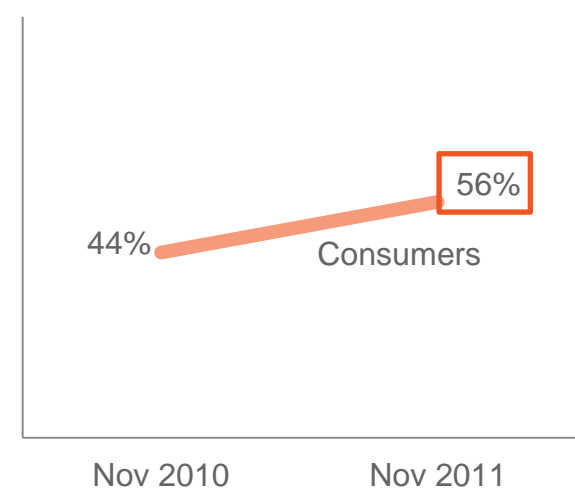
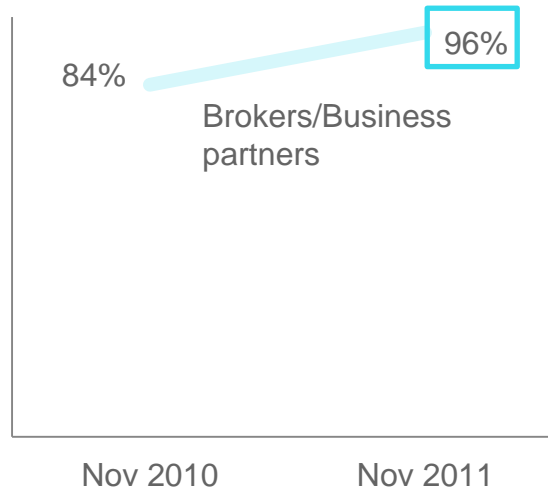
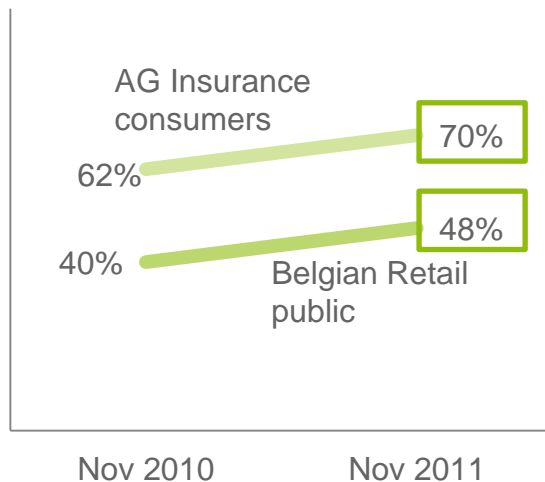
Progressive increasing brand awareness since introduction new name



Belgium : Increasing awareness

UK : significantly up among brokers

Hong Kong : significantly up among consumers

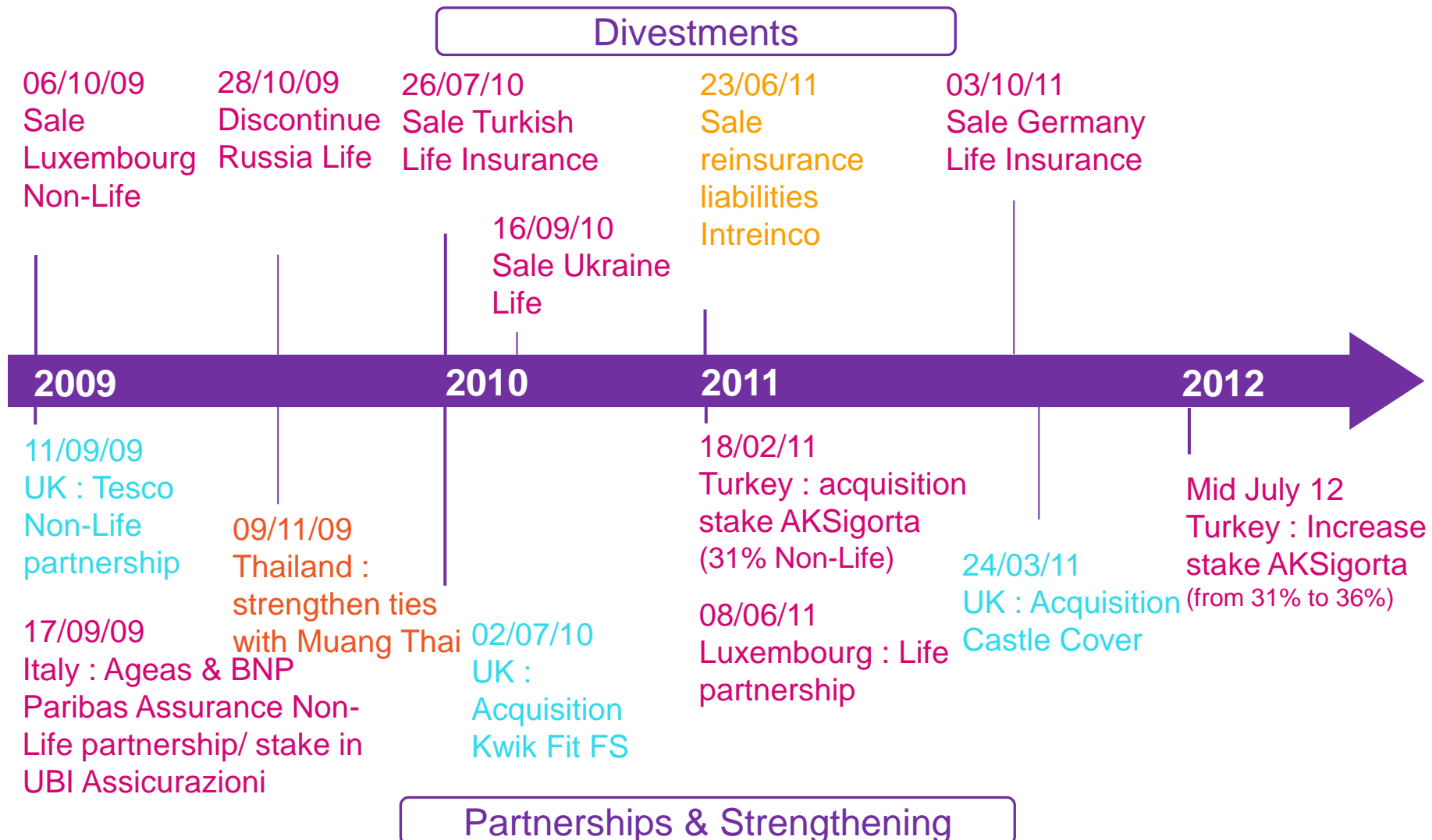


Source: **WHY5** research IT'S ALL ABOUT PEOPLE Corporate Reputation Monitor Measurement 2011

Ageas's achievements since 2009

Streamlining of portfolio and strengthening of partnerships ...

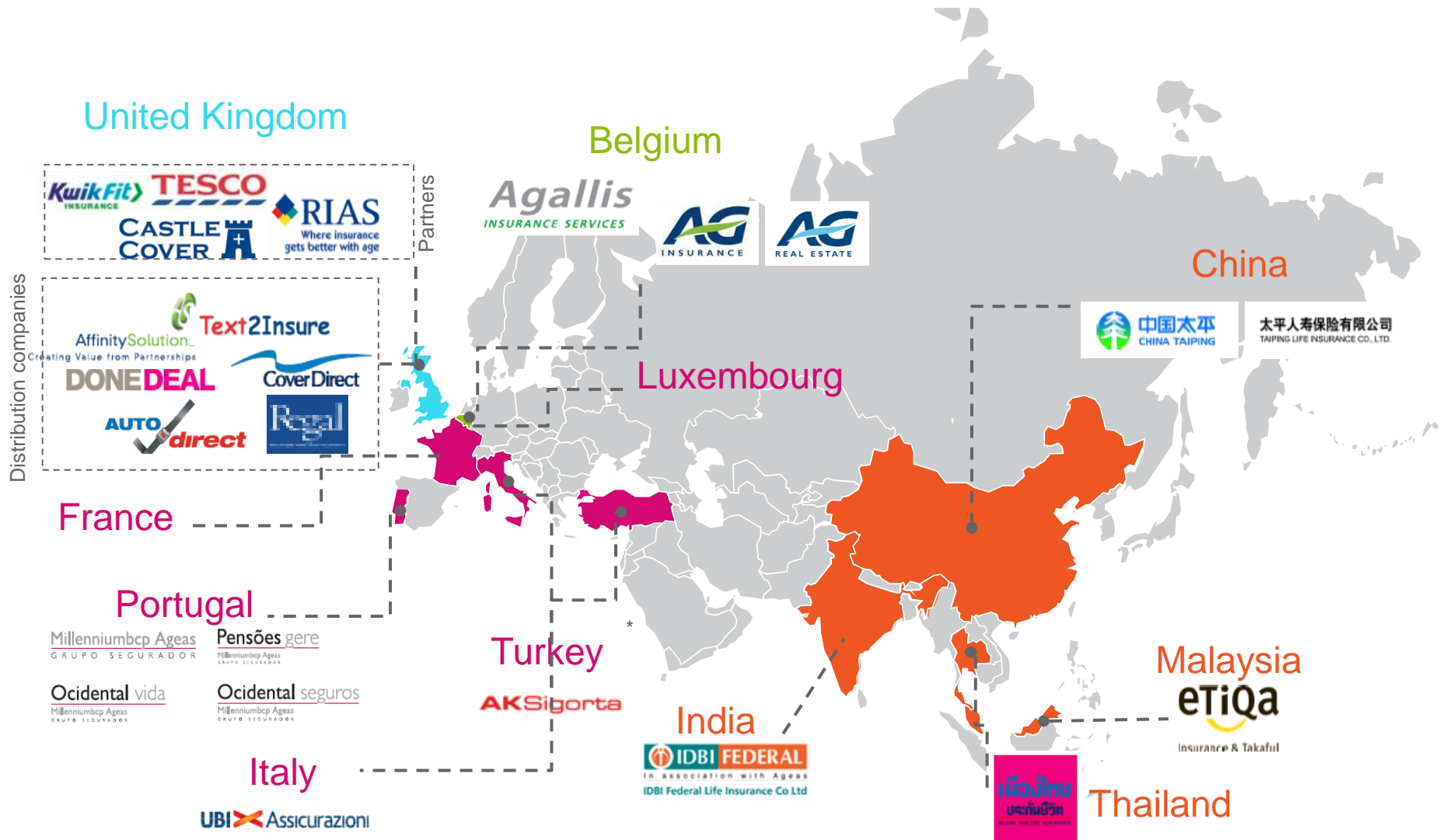
ageas



Ageas's achievements since 2009

...strong brands helped to consolidate or improve market positions

ageas.



Ageas's achievements since 2009

Strong local partners helped as well to strengthen market positions

ageas.

UK

9 Non-Life

4 Personal lines intermediary

TESCO

Belgium

1 Life

2 Non-Life



BNP PARIBAS

Luxembourg

2 in FOS market



BNP PARIBAS
CARDIF



BGL
BNP PARIBAS

China

7 in Life



中国太平
CHINA TAIPING

Portugal

1 in Life

Millennium

bcp

Italy

1 Bancassurance

UBI Banca

Turkey

SABANCI
HOLDING

Thailand

2 Life, # 6 Non-Life

ธนาคารกสิกรไทย
KASIKORNBANK 泰华农民银行



Malaysia

#1 Life & Non Life



Maybank

Ageas's achievements since 2009

Selective investments & organic growth resulted in increasing inflows



Total inflows 2008: EUR 14.6 bn*

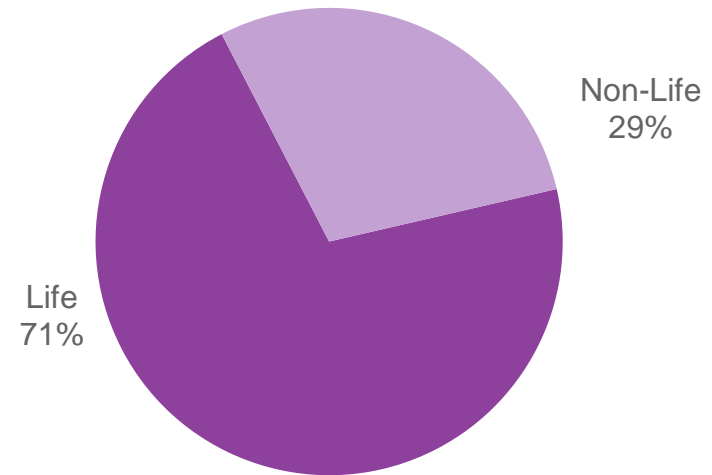
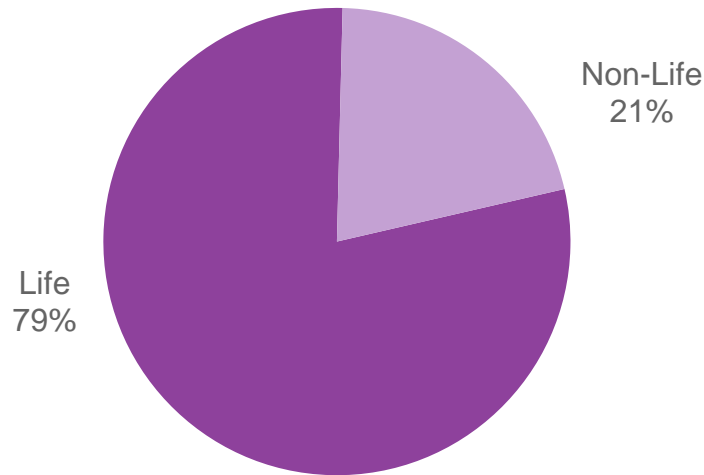
>> CAGRs:

Total 6%

Life 2%

Non-Life 17%

Total inflows 2011: EUR 17.2 bn*



* Including non-consolidated partnerships at 100%

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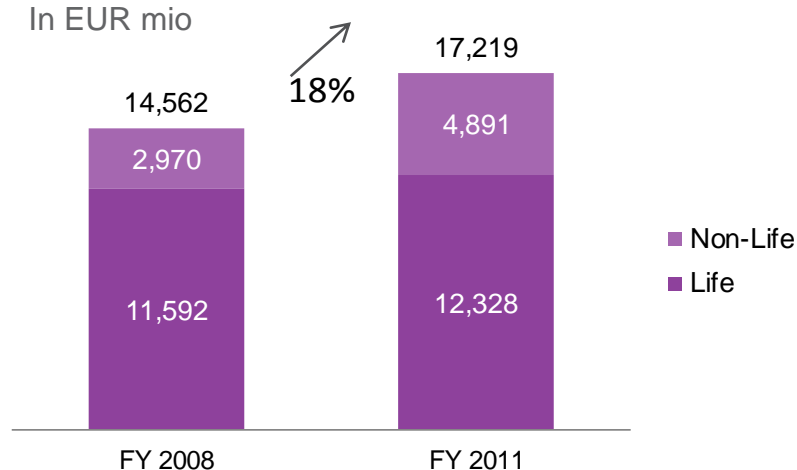
Ageas's achievements since 2009

Selective investments & organic growth resulted in increasing inflows



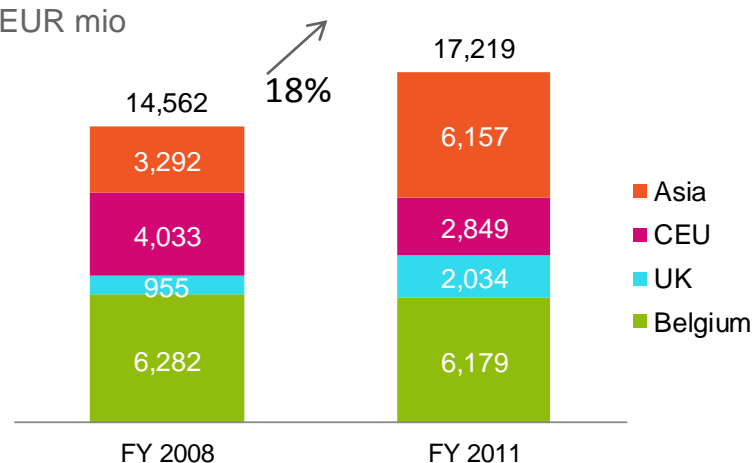
Inflows Life/ Non-Life

In EUR mio



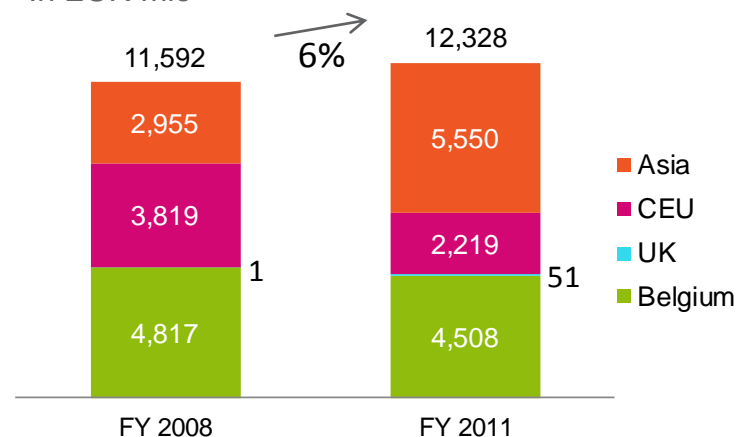
Inflows per segment

In EUR mio



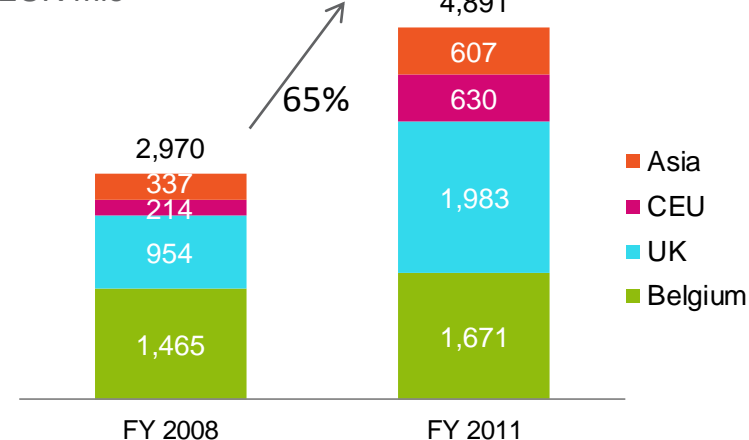
Life inflows per segment

In EUR mio



Non-Life inflows per segment

In EUR mio



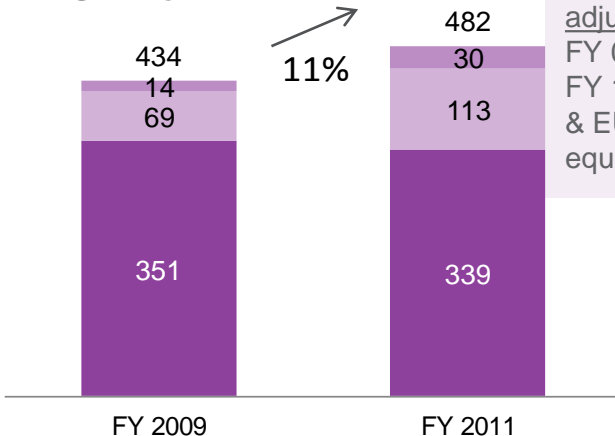
Ageas's achievements since 2009

Non-Life operating performance progressively up, Life contribution satisfactory in current economic environment

ageas

Result Life/ Non-Life/Other

In EUR mio

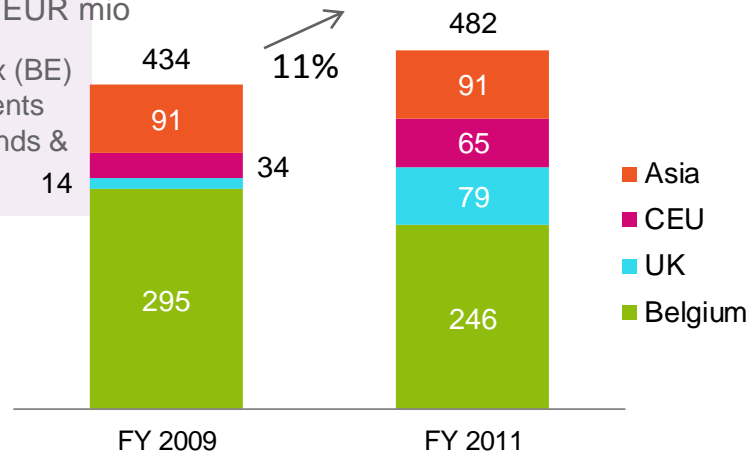


adjustments made for
FY 09: EUR 71 mio one-off tax (BE)
FY 11: EUR 908 mio impairments
& EUR 113 mio cap gains (bonds & equities)

Other
Non-Life
Life

Result per segment

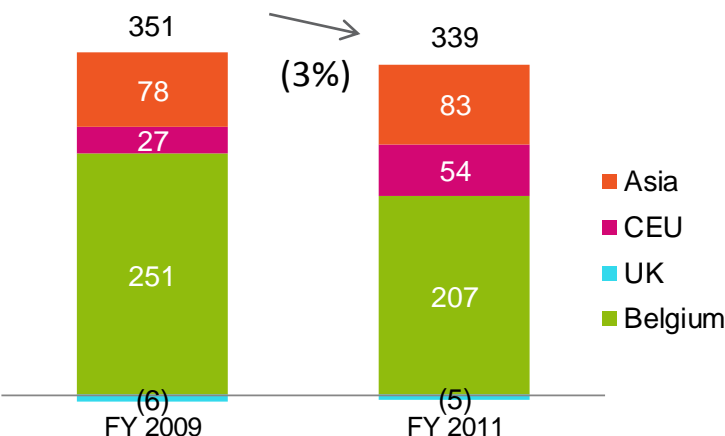
In EUR mio



Asia
CEU
UK
Belgium

Life result per segment

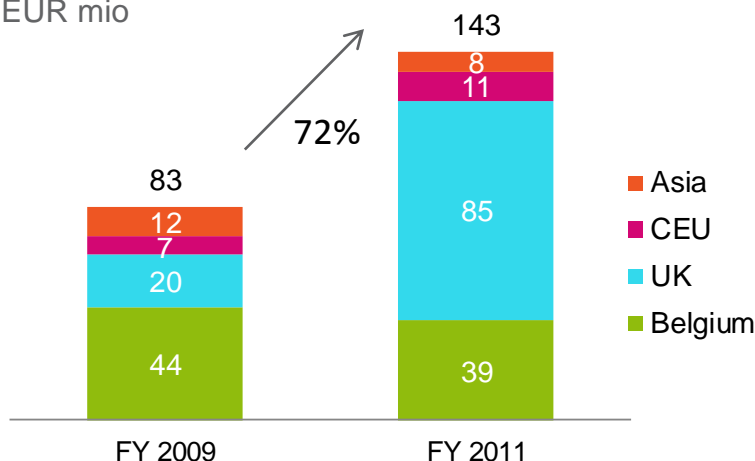
In EUR mio



Asia
CEU
UK
Belgium

Non-Life result per segment

In EUR mio



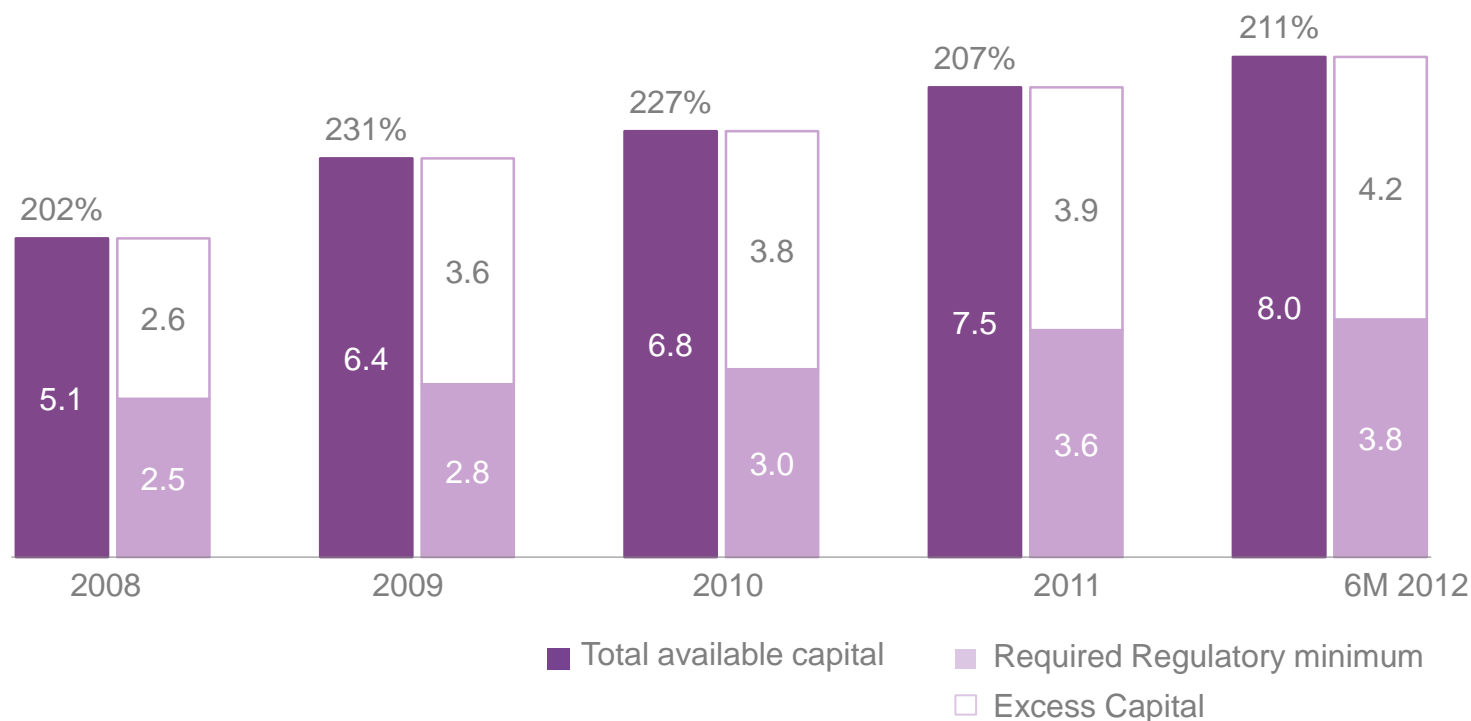
Asia
CEU
UK
Belgium

Ageas's achievements since 2009

Preservation of sound capital position in turbulent financial markets



In EUR bn
Solvency ratio as reported*



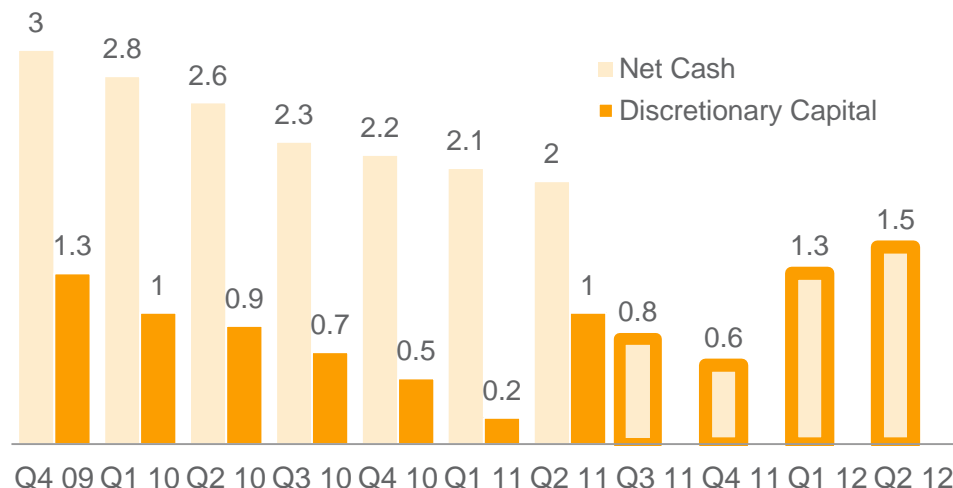
* As of 2011, Ageas aligned its solvency calculation with the Belgian regulator's view. Historical figures were restated to: 234% (2008), 227% (2009) & 232% (2010).

Ageas's achievements since 2009

Ageas maintained a solid cash position despite turbulent times



In EUR bn



<i>in EUR mio</i>	FY 11	6M 12
Cash and cash equivalents	345	1,114
Due from banks short term	600	600
Debt certificates	(257)	(214)
Net cash position	688	1,500

- Agreement with **Fortis Bank & BNPP** on **partial settlement of RPN(I) & call Tier 1 Debt securities** had EUR 666 mio positive impact in Q1 12
- Agreement with **ABN AMRO & Dutch State** on **settlement of all legal proceedings** increased net cash position by EUR 400 mio
- Announced **share buy-back programme** will reduce net cash position by EUR 0.2 bn
- Net cash position implicitly includes full redemption **EMTN notes** (EUR 0.2 bn remaining) & includes short term bank deposits

Ageas's achievements since 2009

Ageas strives for a balanced use of cash



Invest in Businesses

- Organic growth
- Selective acquisitions
- Create new partnerships

Return to shareholders

- Dividend payment
- Share buy-back

Return to debtholders

- Redemption of Debt (EMTN)

May 2009 – August 2012:

+/- EUR 740 mio

- +/- EUR 450 mio UK (Tesco, KFIS, Castle Cover)
- +/- EUR 190 mio CEU (Italy, Turkey)
- +/- EUR 100 mio Asia (India, HK)

+/- EUR 850 mio

- +/- EUR 600 mio constant dividend over 2009, 2010 & 2011
- EUR 250 mio share buy-back finalized early 2012

+/- EUR 740 mio

- +/- EUR 740 mio EMTN programme redeemed (30/06/2012)

+ EUR 200 mio

Share buy-back announced
August 2012

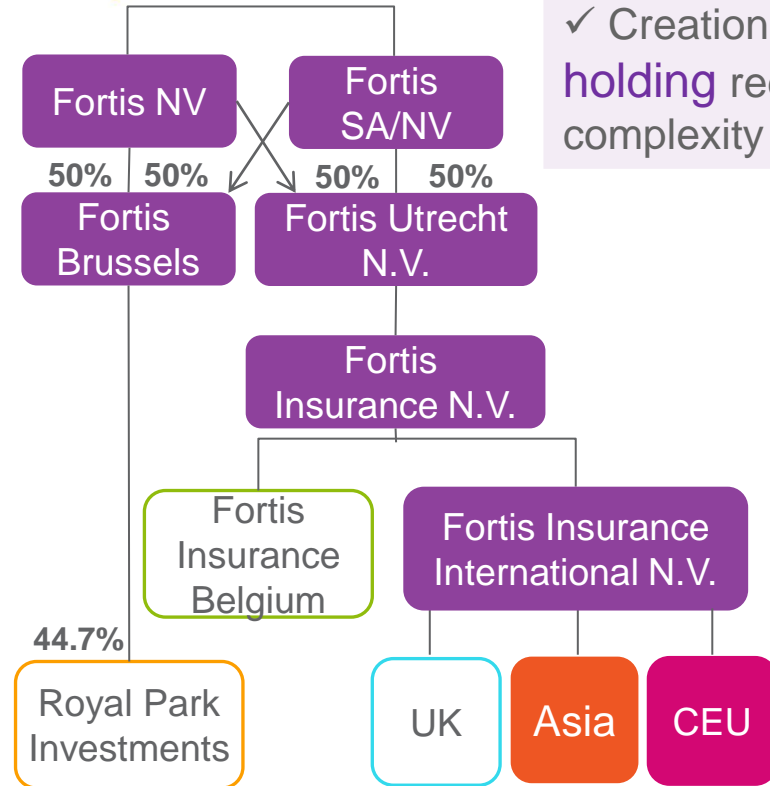


Going forward :

- ✓ Lower growth in capital intense savings business
- ✓ Increased proportion of Non-Life & fee related business

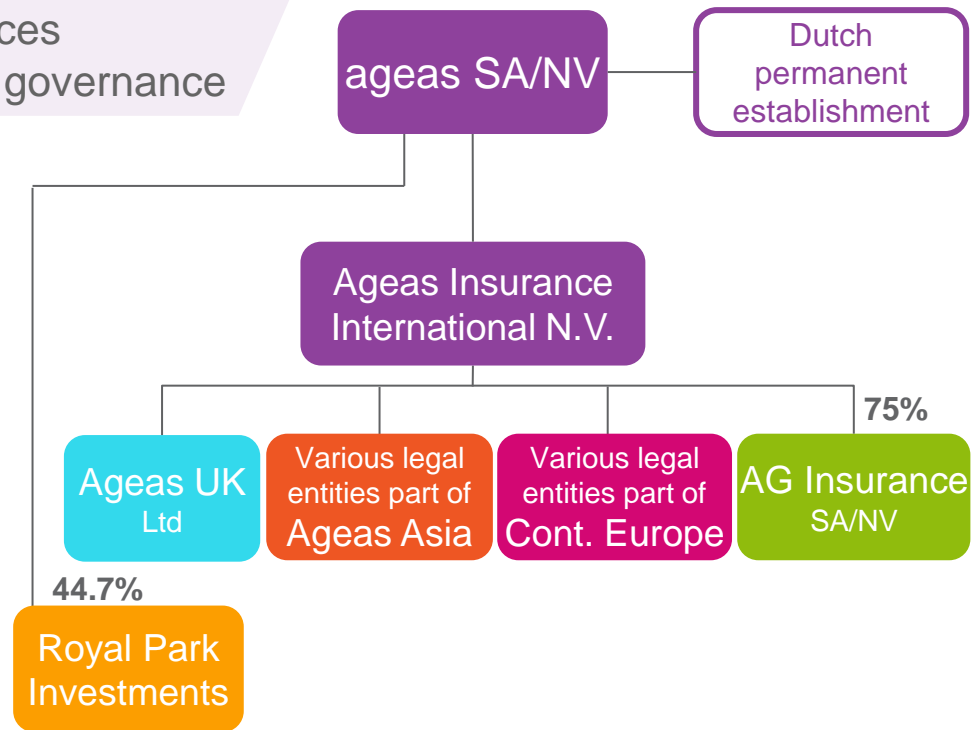
Ageas's achievements since 2009

A continued strive for simplification of the legal structure



✓ Reduction of number of legal entities

✓ Creation of one top-holding reduces complexity of governance



Financial Legacy

- Settlement of **CASHES** with BNP Paribas
- Solution for **Tier 1** BNP Paribas
- More comfort on prospects for **RPI** (vs. June 09)
- Finding solutions for **other files remains high on agenda**

Legal Legacy

- Outcome of some court cases was positive
- Outcome of some other cases was not in our favour, but we appealed
- Agreement with **ABN AMRO** to settle **FCC & MCS and counterclaims** with Dutch State
- Continued defence against litigation risk with respect to former Fortis' shareholders

Ageas's achievements since 2009

Resulting in attractive profile and positioning as starting point for future

ageas.

- Strong positions in chosen markets
- Attractive business mix of mature markets and emerging markets
- Successful partnerships
- Good diversification in products
- Very solid financial position
- 13.000+ loyal, trusting & dedicated employees ready for the next step



- Strong empowerment of local teams
- Knowledge transfer is key

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Ageas's achievements since 2009

Challenges & Opportunities in the Insurance sector

Ageas' Vision 2015

Investor Day 2012 : Focus on Ageas Non-Life

Conclusions

“ Apart from

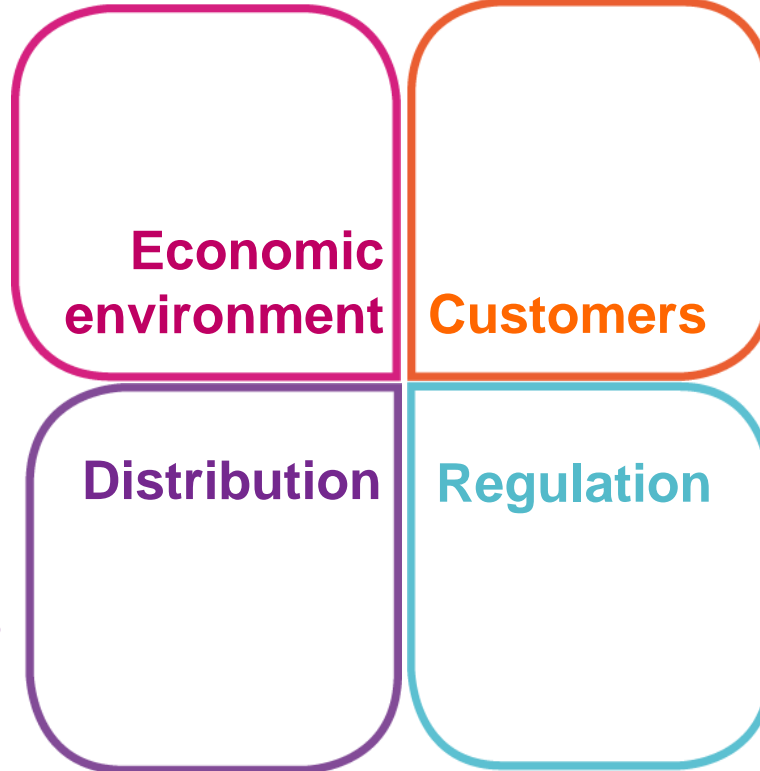
low interest rates, peripheral sovereigns, corporate downgrades, lack of growth, bank competition, too much capital in reinsurance, poor equity markets, volatility, austerity, de-leveraging, Solvency II, bank competition, lack of distribution, poor product design, claims inflation, increasing severity and frequency of large losses, opacity, poor cost efficiency (maybe improving), longevity, persistency and spread risk,
what's the problem with insurance....?”

Chris Hartwell, RBC Capital Markets, 2 February 2012

Challenges & opportunities in the Insurance sector

Present challenges

- Decreasing **interest** rates
- Declining **equity markets**
- **Subprime** crisis
- Increased **volatility** financial markets
- **Liquidity** crunch
- Economic **slowdown**



- More **demanding** & better **informed**
- **Risk aversity** : Strong preference for guaranteed products
- Use **multiple channels** at each process step

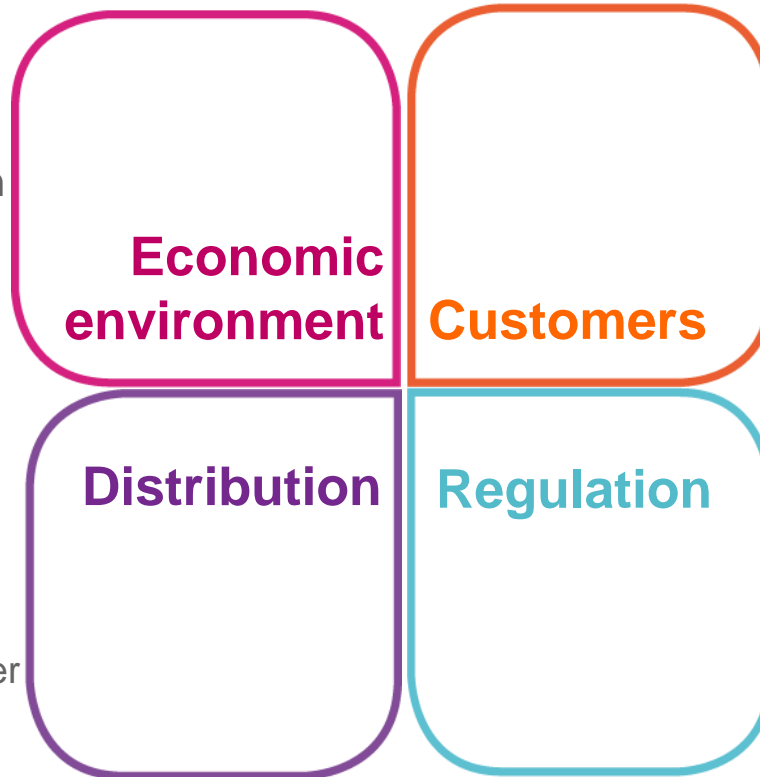
- Split of **bancassurers**
- Rise of **aggregators**
- **Basel III**

- **Solvency II**
- **Distribution** & **transparency** (e.g. MIFID)

Challenges & opportunities in the Insurance sector

Life Insurance: present challenges

- **Austerity measures** impact customer behaviour
- Some accept low profitability to **gain market share**
- **Low i-rate**: impact on investment income



- **Reduced** mortgage & consumer **lending**
- **Reduced** demand for more profitable protection products related to debt

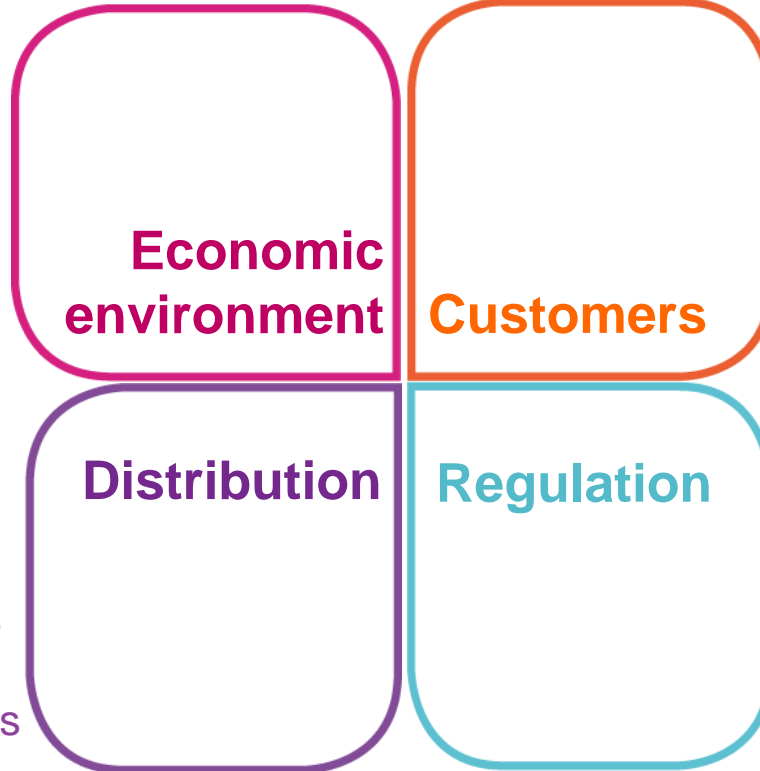
- **Basel III**
 - Banks may retain larger proportion of FUM in deposits
 - Pressure on new lending volume
 - Future JV structures might be affected

- **Solvency II**
- Cash strapped governments may reduce **tax incentives** for Life products
- **Different regulatory regimes** : Solvency II not applied by US insurers endangers level playing field

Challenges & opportunities in the Insurance sector

Non-Life Insurance: present challenges

- Natural catastrophes
- Austerity measures reduce growth in mature markets
- Competitive forces
- Investment & underwriting income



- Yearly re-pricing
- Use multiple channels at each process step
 - information-gathering
 - purchase
 - aftersales

- Split of bancassurers
- Rise of aggregators
- Use multiple channels at each process step

- Solvency II
- IMD directive: transparency in pricing & commissioning
- Increasing discussion on related fee income (referral)

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Conclusions

Based on

- what we have **done and learned** in the past 3 years
- an **improved understanding** of where our customers and distribution partners are heading
- where we believe we, as a company, can have **most impact**

Shows continuity

- not a complete new strategy
- but with much **more focus** on the **internal embedding**
- through **full involvement** of 13000+ motivated employees
- Vision 2015 does not represent a radical strategic shift from where we are today

Strategic
choices

5

4

6

Targets

Values

Vision 2015

5 strategic choices

ageas.



FOCUS ON
INSURANCE

To focus on our **insurance** capabilities



MULTI-CHANNEL
DISTRIBUTION

To be where our **customers** want us to be



PARTNERSHIPS

To commit to our **partners** and their customers



WELL BALANCED
PORTFOLIO
LIFE & NON-LIFE

To have a **diversified** product offering



EUROPE & ASIA

To capture **growth** in mature and emerging markets in
Europe and Asia

Five strategic choices

1. Focus on our Insurance capabilities

Developments

Increasing demand from customers and partners for top products and insurance related services



**FOCUS ON
INSURANCE**

Strategy

- Exclusively **focus** on insurance capabilities
- **Invest** in skills and capabilities
- Primary objective to ensure that our **partners and customers benefit** from our insurance skills and experience
- Improve **knowledge sharing**

Five strategic choices

2. To be where our customers want us to be

Developments

- Customer decides what, where, when and how he wants to buy insurance
- Increase of hybrid customer
- Rise in aggregators and price comparison sites
- Increased influence social media



**MULTI-CHANNEL
DISTRIBUTION**

Strategy

- Remain a diversified multi-channel distributor
- Invest in new channels
- Knowledge sharing in distribution

Five strategic choices

3. To commit to our partners and their customers

Developments

- JV structures may change: Change in regulation may result in (bank) partners to focus on distribution
- Non financial groups are looking for new sources of revenues by leveraging their client base



PARTNERSHIPS

Strategy

- Relying on strong and dynamic partnerships that are well embedded in their markets is a **corner stone** of our strategy
- Partnership is **in our DNA**
- We continue to **invest our expertise** in partnerships with top distributors
- Existing partnerships **may provide entry to new markets** and geographies

Five strategic choices

4. To have a diversified product offering

Developments

- Volatile **financial markets** and ultra low interest rates may persist for a number of years
- Increased **competition with Banks** for deposits due to new regulations likely to remain in place



WELL BALANCED
PORTFOLIO
LIFE & NON-LIFE

Strategy

- Focus on products and competences that results in **insurance/risk income** to reduce dependence of investment income and financial markets
- Manage the **balance** between Life and Non-Life portfolio
- Increase proportion of fee income

Target

- To balance our portfolio between Life and Non-Life toward **60%/40%** of gross inflows from current 71%/29%

Five strategic choices

5. Capturing growth in emerging markets in Europe & Asia

Developments

- Volume growth is levelling off in **mature markets** and margins are under pressure
- **Emerging markets** with low insurance penetration show robust growth on the back of an emerging middle class



EUROPE & ASIA

Strategy

- Further grow the **relative proportion** of emerging markets in Ageas market portfolio
- **Profit streams in mature markets** can be used to finance growth in emerging markets and fund the dividend to our shareholders
- We stick to **Europe and Asia**

Target

- Grow the amount of capital invested in emerging markets in Europe and Asia outside HK **to 25%** from current 15%

Four targets

Our Targets are clear



To **balance our portfolio** between Life and Non-Life towards 60/40 in terms of inflows (from 71/29 end 2011)



To be **efficient in Non-Life** with a combined ratio structurally below 100% (from 101% end 2011);



To increase our **Return On Equity** in Insurance to a minimum of 11% (from 7% corrected for all exceptionals end 2011);



To deploy **at least 25%** of our capital in emerging markets in Europe and Asia (from 15% end 2011)

Focused
on customers.

Passionate
to deliver.

Entrepreneurial.

Trusted.

Teamwork.

Local.

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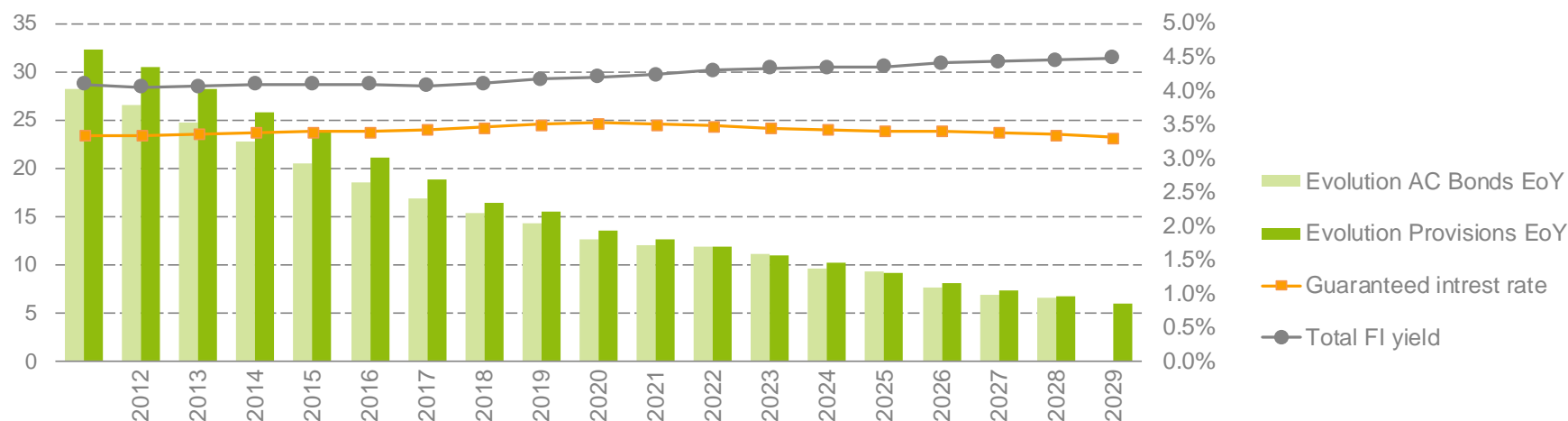
Managing impact of low interest rate environment (1/2)

Focus on Belgium Life, largest exposed within Ageas, existing portfolio



- Provisions & fixed income portfolio follow **similar run off pattern**
- 75 bp to 100 bp gross investment margin between **yield fixed income** portfolio & guaranteed i-rate. **Realized gains** on equities & **real estate** result in additional margin.
- Guarantees above 4% benefit from extra coverage.
- Part of margin returned as **profit sharing**; going down following trend financial markets.

In EUR bn



Duration gap decreasing

Duration gap = (FV Assets x Duration assets - FV Liabilities x Duration liabilities) / FV Assets.

	FY 11	6M 12
Duration assets	5.7	6.1
Duration liabilities	7.2	6.9
Duration gap	-1.0	-0.2

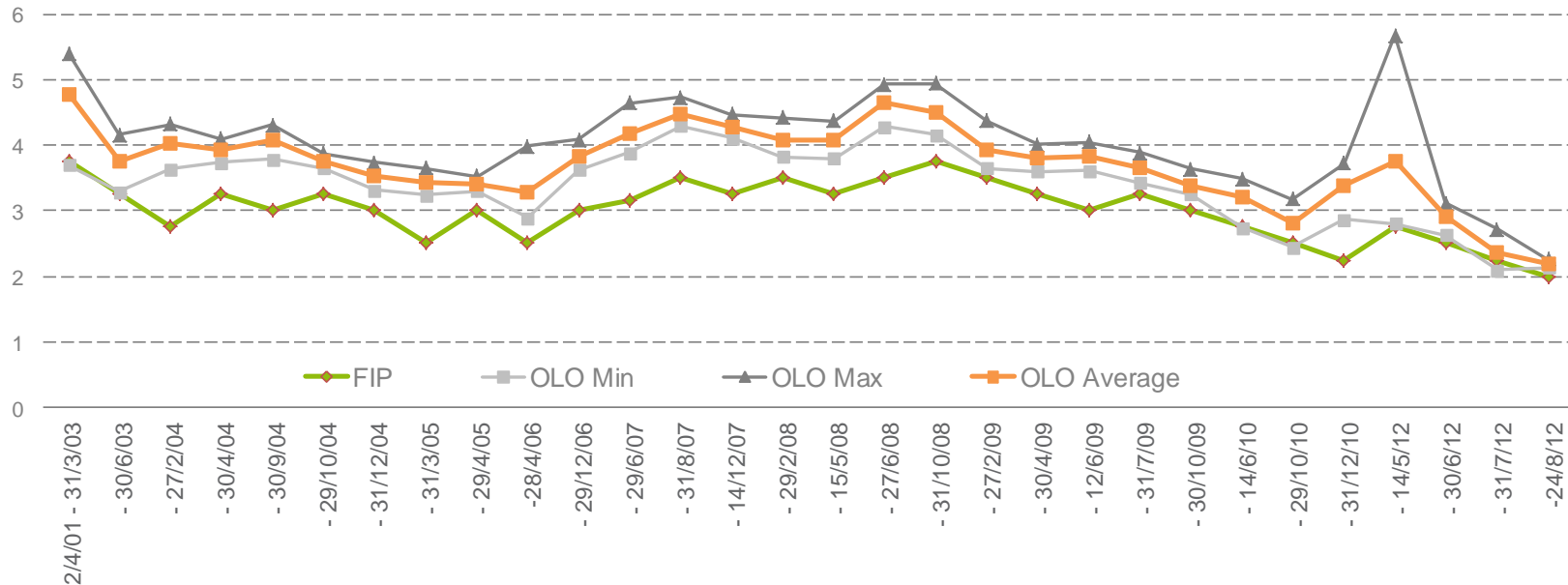
Managing impact of low interest rate environment (2/2)

Focus on Belgium, largest exposed within Ageas, new business



New business Individual Life

- **Frequent repricing** guaranteed i-rate on 8y product according to market i-rate



New business Group Life

- **3.25%** guaranteed rate linked to requirements **Belgian legislation**

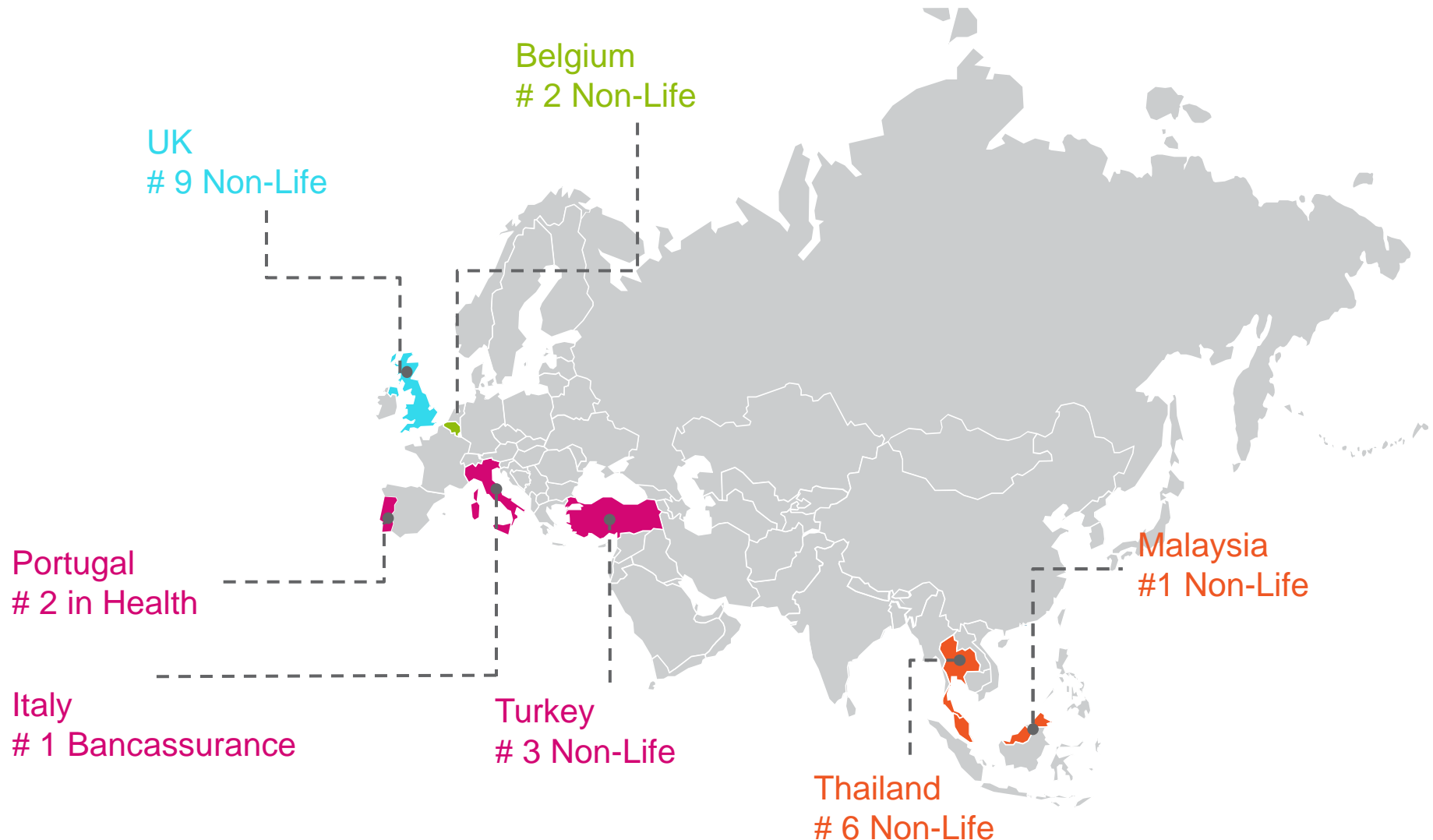
Future developments

- Towards new legislation determining maximum allowed i-rate new business as of 2013?

Ageas's achievements since 2009

Strong local partners helped as well to strengthen market positions

ageas.



The acquisition of **Groupama Insurance Company Limited** represents a **strong strategic fit** & complements Ageas UK's **multi-channel distribution** approach, **strengthening** its presence in UK broker market.



→ Pro forma FY 11 **Ageas UK inflow** of GBP 2.1 bn (EUR 2.4 bn) or **+20%**

→ **N° 5 Non-Life Insurer** (5.2% market share FY 11)
N° 4 Private Motor (11.7%) & N° 4 Personal lines (7.1%)

→ GICL **COR** at 97.8%



- Total consideration paid of **EUR 145 mio**
 - book value EUR 252 mio
- The transaction **excludes Groupama's UK broking operations** & is subject to **regulatory approval** by EU & FSA
- **Closing** is expected **before end 2012**.

Relative increase of risk margin in Life and Non-Life and fee business should contribute to **an increased value creation towards 2015**

Profit sources

Retail

Non- Life

Life

Profit drivers

- Sales volumes
- Take per customer
- Premium volumes
- Combined ratio
- Investment income
- Volume of reserves
- Investment yield
- Risk margins
- Expense margin
- Profit sharing

- Different income drivers
- Risks are different
- Commercial benefits of combining business (Life & Non-Life , Underwriting and distribution)
- Diversification between product groups
- Diversification between markets

➤ **Non-Life benefits from a number of specific characteristics**

Investor Day 2012 : Focus on Ageas Non-Life business

Non-Life market characteristics



- Non-Life market growth is relatively predictable (% of GDP)
- Income from both investment and underwriting
- Skill driven various levers to influence returns if key capabilities have been developed
- Yearly re-pricing allows to actively manage risk



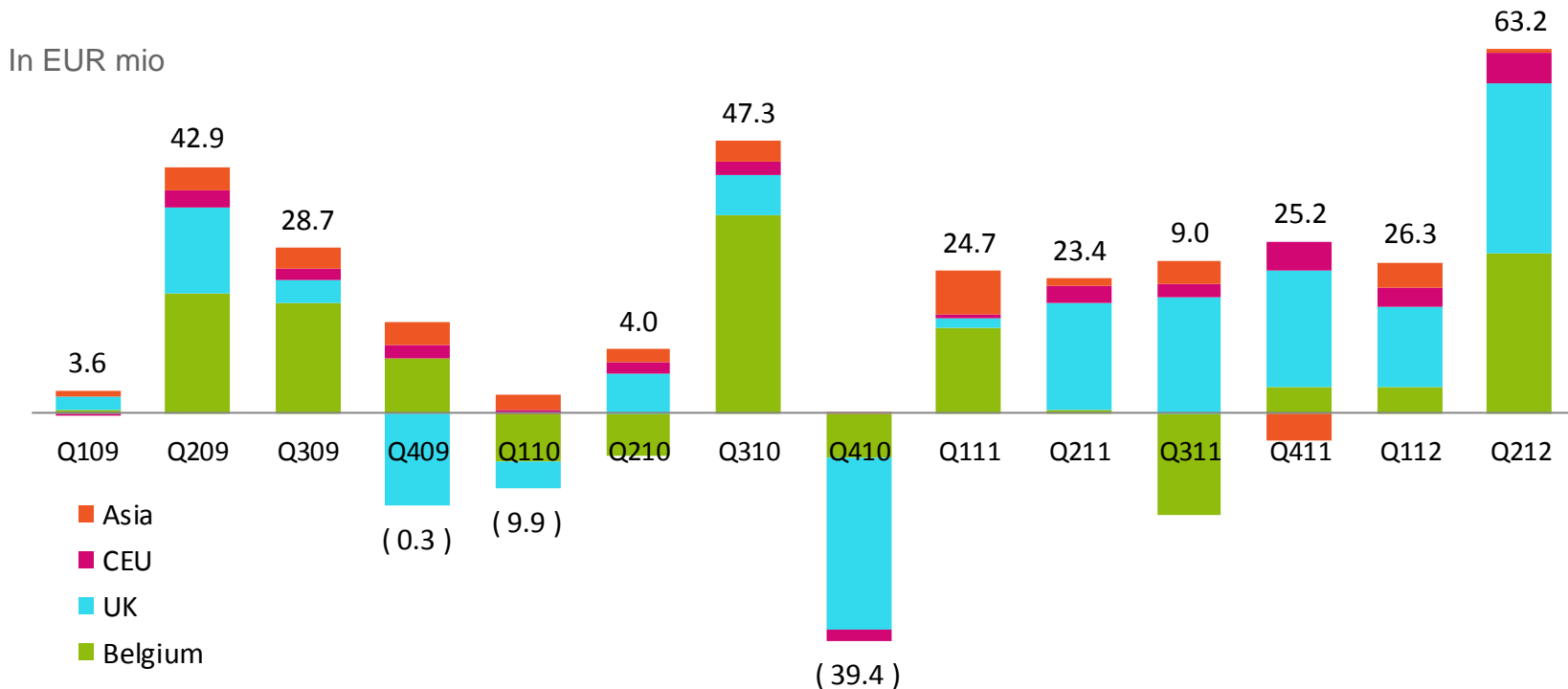
- Cyclicalities of earnings due to competitive forces
- Volatility in earnings due to catastrophes in some product groups
- Possible diversification benefits between markets
- Diversification benefits between product groups

Investor Day 2012 : Focus on Ageas Non-Life business

Diversification between markets proved its usefulness



- Volatile quarterly results since 2009; back to more sustained profit levels since 2011
- Achieving 11% ROE on Non-Life shareholders' equity of app EUR 1.2 bn implies:
 - Quarterly net Profit of EUR 33 mio or EUR 132 mio on a full year basis

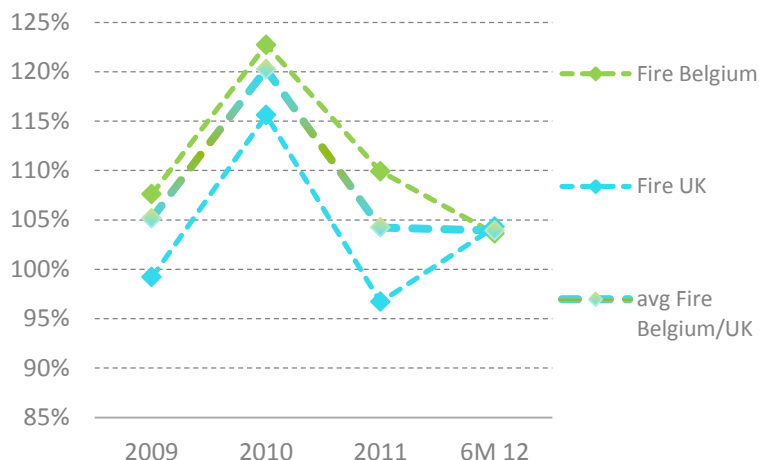


Investor Day 2012 : Focus on Ageas Non-Life business

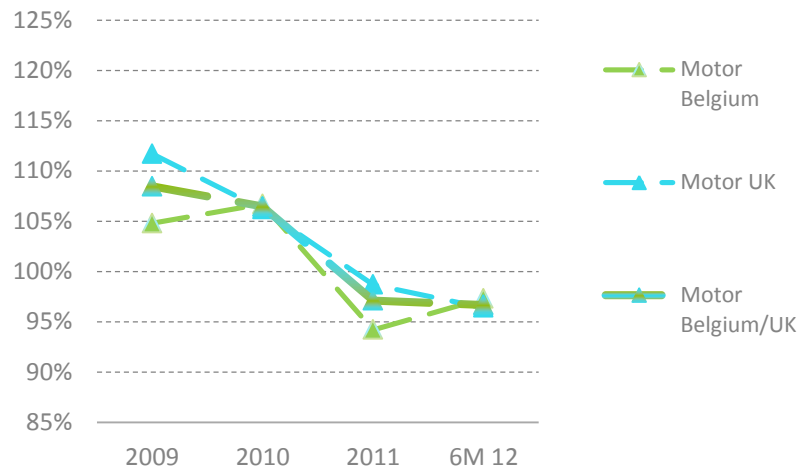
Diversification benefits between regions & product groups



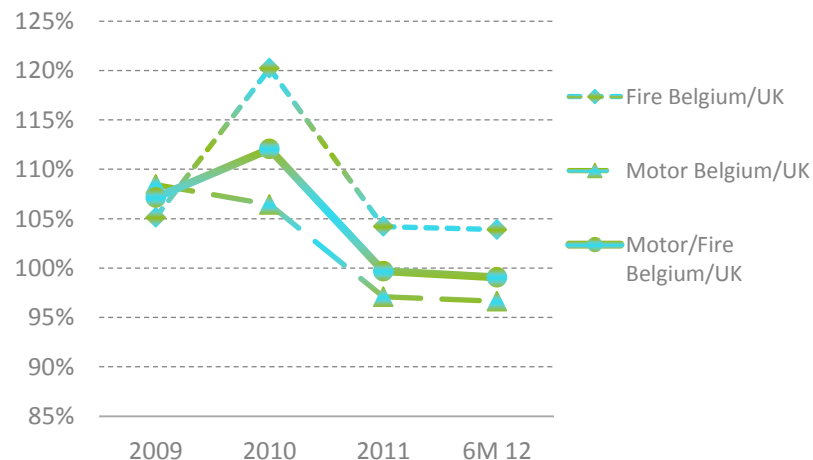
Fire Belgium/UK



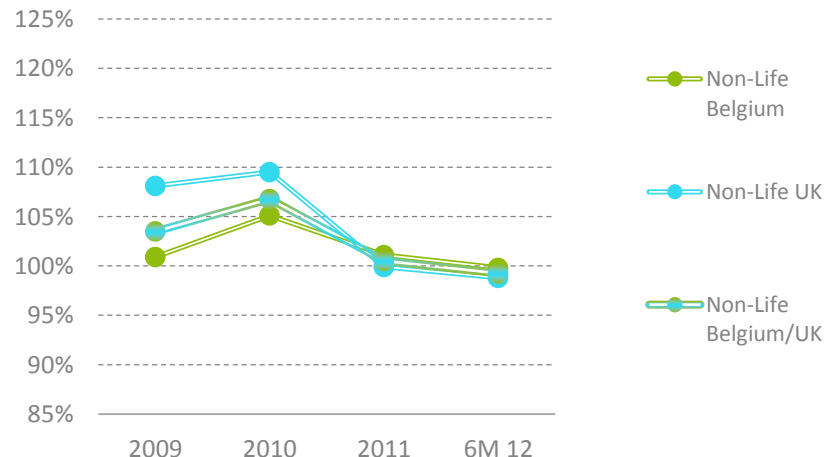
Motor Belgium/UK



Motor & Fire Belgium/UK

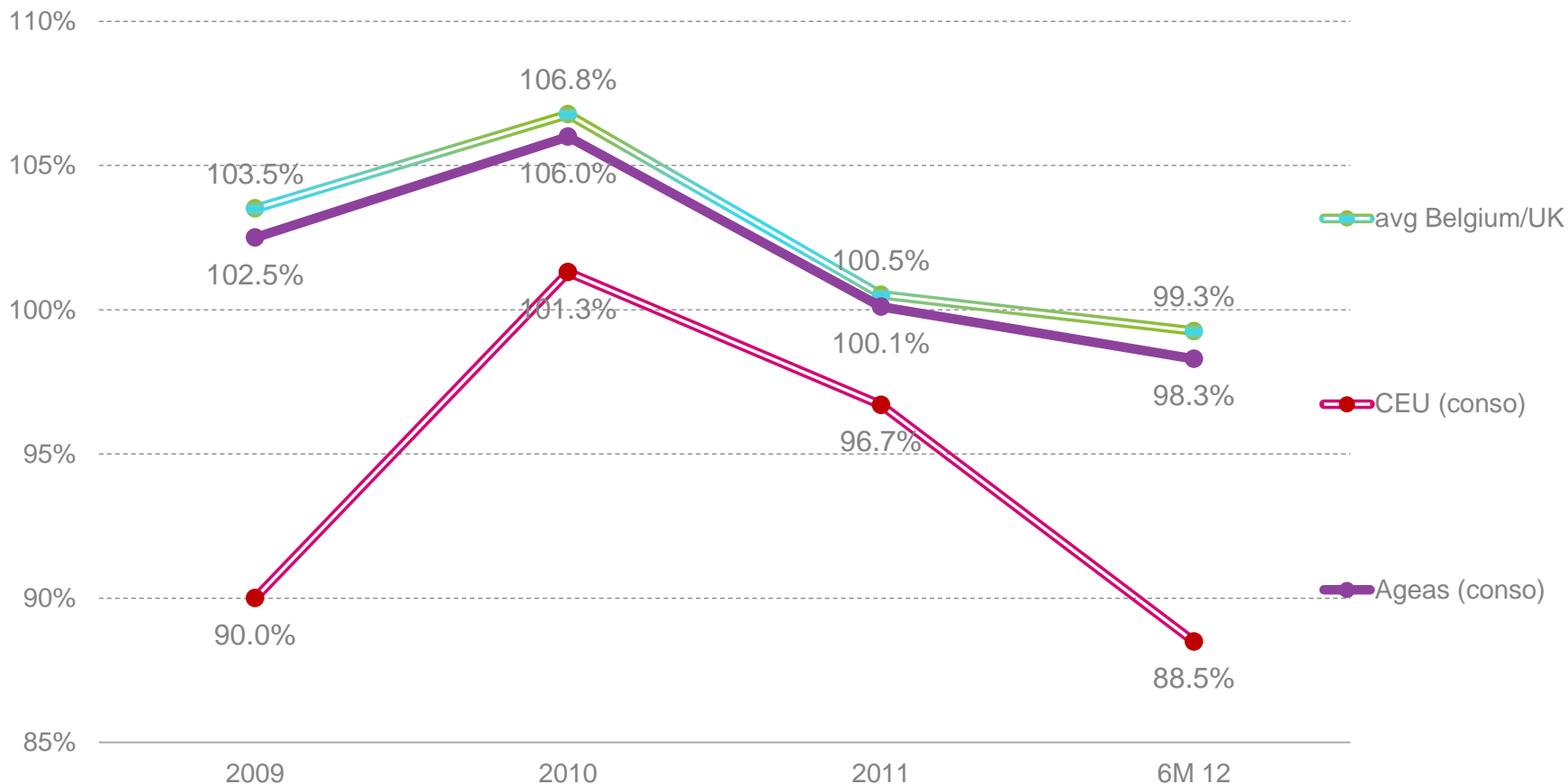


Non-Life Belgium/UK



Investor Day 2012 : Focus on Ageas Non-Life business

Diversification benefits between product groups & geographies



Cyclicalty

Drivers

- Reduction of price and/or underwriting standards in profitable markets to gain market share
- Correlation markets/products

How to limit impact?

- Remain disciplined in pricing
- Seek control of distribution
- Niche strategy vs. commoditized products
- Explore skills in underwriting, claims management, efficiency etc
- Diversify across markets & products

Volatility

- In claims: often related to weather related events / natural catastrophes
- In investment result

- Diversify across low correlated regions
- Reinsurance
- Relatively conservative investment portfolio

Ageas's Non-Life business, a balanced portfolio

Non-Life Product profitability in a low interest rate environment



In EUR mio

Based on 6M 12 data

P&L

Non-Life premium (GWP)	1,000		
Net Earned Premium	890		
Investment result (res+eq)	52	→	31
Underwriting result	15		
Other result	10		
Pre-tax profit	76		
Profit after tax & minorities	40		

Technical reserve	1,460
Shareholders' equity	270

Combined ratio	98.3%	→	98.3%
	15%	→	11%

- At current Combined ratio levels, investment income may come down by up to 40% while still realizing ROE target of 11%

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Conclusions

Our **2009 ambitions** have been largely reached

Clear **strategic choices** are made for the next 3 years aiming to

- x** become **less dependent** on investment income

- x** Increase relative proportion of **capital** invested
in **high growth markets**

- x** Reap **benefits** of the diversification in our
product & distribution mix

➔ Reason why we concentrate this **IR day** around **Non-Life**

Disclaimer

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