

THINK, CREATE, SHARE, GROW.

BUSINESS REPORT 2014



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BUSINESS REPORT 2014

ageas



THINK, CREATE, SHARE, GROW.

2014 was a year of many accomplishments for Ageas, and in the pages of this business report we want to share a taste of that success. More than just a report on our financial performance, the business report takes you behind the scenes to give you a sense of what makes us who we are: how we **THINK** about our business; how we work to **CREATE** the right strategies and solutions for our customers; and how we instinctively **SHARE** knowledge and experiences to help fuel our **GROWTH**.

The report also highlights a few of the news headlines from the past year – those special moments in time that illustrate our strategy in action.

And as we enter the final leg of our Vision 2015 journey we bring you up to date on how we are doing against our plans and what still needs to be done.

As we move forward we remain focused on achieving our 2015 targets but we also know that we are judged by our stakeholders on what we do for them TODAY. In terms of future challenges, this is the most important of all.



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2014 IN BRIEF



January-February-March

1 Ageas UK takes action to support flood victims after severe storms and floods hit the UK, negatively impacting on the Non-Life profits of Ageas in UK, while actively participating in industry wide discussions about the creation of Flood Re.

April-May-June

2 Ageas takes full ownership of the Portuguese Non-Life activities held by Millenniumbcp, acquiring the remaining 49% stake in Médis and Ocidental Seguros helping to increase the Group's presence in Non-Life in line with the Vision 2015 targets.

3 Filip Coremans returns from Asia where he was Regional CFO to be named Member of the Group Executive

Committee and new Chief Risk Officer, replacing retiring Kurt De Schepper.

- AG Insurance rises to the challenge of handling around 30,000 customer claims following unexpected summer hailstorms in Belgium, putting in place emergency measures to handle claims as efficiently as possible.

July-August-September

- Ageas sets aside a EUR 130 million provision and launches an appeal against the Amsterdam

Court of Appeal's decision in favour of FortisEffect in a judgement related to legacy issues.

- Ageas UK sells Ageas Protect to AIG allowing it to concentrate fully on the development of Non-Life activities and reflecting the Group's Vision 2015 strategy of focusing more on the expansion of the Non-Life market.

4 Ageas strengthens its position in the Italian

market, acquiring UBI Banca's share of UBI Assicurazioni alongside BNP Paribas Cardif, giving both shareholders 100% ownership of the Non-Life business in Italy.

5 The first school opens in the 'Schools of Tomorrow' public-private partnership in Belgium marking an important milestone in a collaboration between AG Real Estate, the Flemish government and BNP Paribas Fortis to design, build and provide the mainte-

nance of 165 schools in Flanders, Belgium.

- Ageas announces the launch of a new and 4th share buy-back programme for an amount of EUR 250 million.

October-November-December

6 Ageas and its partners in Thailand, the Muang Thai Group and KASIKORNBANK celebrate 10 years of partnership in Thailand during which time Muang Thai has risen to No.2 in the Life

market, also being named the Life Insurance Company of the year in Asia, and No.4 in the Non-Life market.

- The extension of the Tesco Underwriting partnership in December is the latest in a series of partnership renewal agreements Ageas UK completed in 2014, highlighting the scale of collaboration that exists in the UK distribution mix.



MESSAGE TO SHAREHOLDERS

Dear Shareholders,

2014 marked an important milestone in our history: 5 years ago we established ourselves as a stand-alone insurance Group, signalling the start of a new chapter for Ageas, with a new name and a new logo. We embarked on a journey that we have shared with all of our stakeholders, every step of the way. And five years on we look back proudly at our many achievements alongside our shareholders, our business partners and the people that make up Ageas, the architects of our success and the people responsible for shaping the future. As we look back on the past year, and indeed forward at what is still to come, we recognise that ultimately it is not about what you say, **it is about what you DELIVER.**

A DIFFICULT ECONOMIC CLIMATE

The business environment continued to be challenging in 2014 characterised by slow overall economic growth in many of our key markets and continued pressure from low interest rates. In Europe any signs of recovery were sporadic and the markets remained quite fragile. And while the emerging markets continued to drive the lion's share of global growth even here there have been signs of slowdown in some economies.

SUPPORTING OUR CUSTOMERS

The insurance industry itself has had its own share of challenges. Severe storms and floods in the UK and Belgium in the first half of the year disrupted the lives of so many of our customers. While we are somewhat conditioned as a business to

expect the unexpected, the severity of the 2014 weather related events took most people by surprise.

As an insurer we are of course judged on the way we support our customers at critical times. The response of our colleagues was truly magnificent. In total almost 50,000 families in the UK and Belgium received assistance when they most needed it. It is at times like these that customers look to Ageas for professional and high quality support, and that is what we **DELIVERED.** And while in respect of our Non-Life results there was of course an impact we stayed on track and did not change the targets we set ourselves. Instead we rolled up our sleeves and focused on continued growth and improving operational performance so as to retain a healthy combined ratio.

ANOTHER STRONG INSURANCE PERFORMANCE

2014 was a year in which we **DELIVERED** another strong Insurance performance. The figures tell a clear story, with double digit growth in both inflows and net result. Inflows increased 11% to nearly EUR 26 billion, and Asia crossed the EUR 10 billion mark for the first time fuelled in particular by the Life business in China and Thailand. We also reported a record net profit of EUR 737 million, the highest level since 2009. The strong performance in Life as well as the solid contribution from most segments in Non-Life contributed towards these record results. These results remind us just how important partnerships are to the Group and why this is such an important

differentiator in the way we conduct our business around the world. We see this in every area of our operations. These partnerships have driven some outstanding results across the board, particularly evident in 2014 in China, Luxembourg and Thailand. In Thailand we celebrated 10 years of collaboration with Muang Thai, in a year which culminated in Muang Thai being named 'Life Insurance Company of the Year' in Asia. The balance sheet remained strong at year end with EUR 10.2 billion in shareholders' equity; an insurance solvency ratio of 206%, significantly above minimum capital standards; and net cash in the General Account of EUR 1.6 billion, reflecting our disciplined upstream of cash from the operating companies and the continuous optimisation of their capital structure.

STRIVING FOR SOLUTIONS TO LEGACIES

As we look back at 2014 it is impossible to ignore the impact of legacies and the volatility and uncertainty that this has created on the stock exchange along the way. The decision by the Amsterdam Court of Appeal in support of FortisEffect was unexpected and while we have appealed the ruling and set aside a provision

of EUR 130 million, we fully expect the legal process to be protracted and any associated costs also to be spread over the long term. Given the complexity of the legacies, it is difficult to predict how these issues will evolve, but we can assure you that we are exploring every possible option in the best interests of our shareholders. But while legacy issues often attract disproportionately high volumes of negative headlines, our primary focus continues to be on what we have to **DELIVER** as a business.

FOCUSED ON THE VISION 2015 TARGETS

As we embark on the final leg of our Vision 2015 plan it is clear that we are making progress. For the past two years our entire organisation has been aligned to **DELIVER** against a set of targets, but external factors have not always worked in our favour. Whilst there has been good progress in many areas, in others there is still more to do to reach our targets. We set out to achieve a better balance between Life and Non-Life which meant investing more in Non-Life to reach a 60/40% split of inflows. We also recognised that most growth opportunities exist in the emerging markets

where we aim to invest 25% of our capital. Both objectives remain firm goals but they are also dependent on inorganic growth. In 2014 we took some important strategic decisions in both Life and Non-Life: for instance acquiring controlling interests in our Non-Life Portuguese and Italian operations, and divesting our Life business in the UK. The full impact of these decisions will of course only be visible from 2015 onwards. We also took advantage of the significant opportunities to grow in the Asian Life business. As for growth in the emerging markets, it is fair to say we have not yet found the right M & A files that meet our financial criteria, but we continue to search for the right opportunities, in competition of course with many other parties.

With respect to the hard insurance targets such as the Return on Equity (ROE) target of 11%, we are not as far forward as we would like to be, due to the strong increase of the unrealised gains included in our shareholders' equity, which paradoxically reduces our return. But we have substantially improved insurance profits and have optimised the capital structure of our operating companies. At the end of 2014 the ROE of the insurance activities stood at 8.8%. If we take the shareholders' equity excluding the 3 billion of unrealised gains on bonds due to low interest rates, we would have achieved the 11% target. And while our combined ratio (COR) did not meet the refined target of 97% set in the context of the current low interest rate environment, it was below 100% at 99.6% despite the severe impact of the storms in Belgium and the UK in the first half of the year. This reflects a number of measures taken including increased tariffs and the application of stricter underwriting rules. But we are not a company that deals in 'what-ifs' and 'if only' – we continue to believe these are the right targets and will **DELIVER** against them, while growing net profit and maintaining strict capital discipline. Directionally we know we are on the right track.

And while the primary focus is on 2015, we are also looking longer term to life beyond 2015. We have begun early work on a new 3 year business plan which we will share with shareholders in September 2015. We are working hard on co-creating the plan and as part of this exercise we will visualise what the world will look like beyond 2015; where we want to be as a company based on the challenges and opportunities for growth; and what we believe we can achieve as a Group.

Rewarding our shareholders

We end where we began and reflecting on the journey we have been on over the past five years. During this time our insurance portfolio has been strengthened with EUR 1 billion retained earnings to ensure future growth. We have invested an additional EUR 1.3 billion in our insurance activities and EUR 2.7 billion has been returned to our shareholders. Our dividend policy has always been very transparent and predictable with solid dividends paid each year and with the potential to benefit from the various share buy-backs launched by the Group. This trend continues as we propose a gross cash dividend of EUR 1.55 per share for 2014 and Ageas has bought back shares for EUR 208 million in 2014.

We are grateful to our shareholders for their past and continued support. The management team remains totally committed to achieving the best possible return for shareholders and customers by following the philosophy of doing the right things and doing them right, or to put it more simply, **DELIVERING**.

Bart De Smet Jozef De Mey

Bart De Smet
CEO Ageas

Jozef De Mey
Chairman



BOARD OF DIRECTORS

ageas



AN INTERNATIONAL INSURER WITH A LOCAL FOCUS

TOP 20
insurer in Europe

33
million
customers

Operations in
12 countries

STAYING CLOSE TO OUR CUSTOMERS

Ageas is an international insurance company backed by 190 years of experience in the insurance market. Wherever Ageas operates around the world it does so with an important goal in mind: to provide customers with peace of mind when they need it most. As an insurer, Ageas's primary role is to help customers at every stage of the life cycle to mitigate risks related to property, casualty, life and pensions. On the one hand it helps to protect customers against unforeseen risks to their welfare and well-being, and on the other it helps customers plan for their longer term needs. It does so by providing a range of Life and Non-Life products distributed through a variety of different channels.



BEING WHERE YOU WANT US TO BE

Ageas is an international insurer with operations spread across Europe and Asia. It believes however that insurance is first and foremost a local business. The way the Group is organised and structured reflects that reality, being divided into four distinct business segments: Belgium, United Kingdom, Continental Europe and Asia.

Each segment has its own local management and organizational structure in place to support local operations, and day to day decisions are made on the ground by those who best understand the local market and the needs of the customer.

However Ageas also understands the value of knowledge sharing, and as such it maintains competence hubs at the corporate, regional and business levels, enabling experience to be more easily leveraged.

LEVERAGING OFF LOCAL EXPERTISE

Ageas serves its customers through a combination of wholly owned subsidiaries and partnerships, with strong financial institutions and key distributors around the world. More often than not this means that Ageas is represented by a variety of strong local brand names in the local market.

Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has fully-owned subsidiaries in France, Hong Kong and the UK.

PROVEN PARTNERSHIP SKILLS

Ageas has proven competence in developing partnerships. These partners are leaders in their respective markets, and they provide Ageas with important local know-how and access to customers.

Partners of Ageas benefit in turn from the experience the Group brings in insurance, product development and distribution. Partnerships are about adding value and the long term alignment of interests. To facilitate this many of Ageas's operating companies are joint ventures with distribution partners. These are household names and highly trusted brands.

+30,000
employees working in
partnerships

12,204 employees
(FTE) **+30**
partnerships
and Joint
Ventures

ageas IN THE WORLD

+40,000
people

UK
4,626

BELGIUM
6,117

CORPORATE
CENTRE
119

CONTINENTAL
EUROPE
905

ASIA
437

BELGIUM

Life inflows	at 100%:	3,963
	Ageas's part:	2,972
Non-Life inflows	at 100%:	1,893
	Ageas's part:	1,420
	ownership 75%	

UNITED KINGDOM

Life inflows	at 100%:	138
Non-Life inflows	at 100%:	2,260
	Ageas's part:	1,995
	ownership 100% (Tesco Underwriting at 50%)	

Gross inflow figures in EUR million

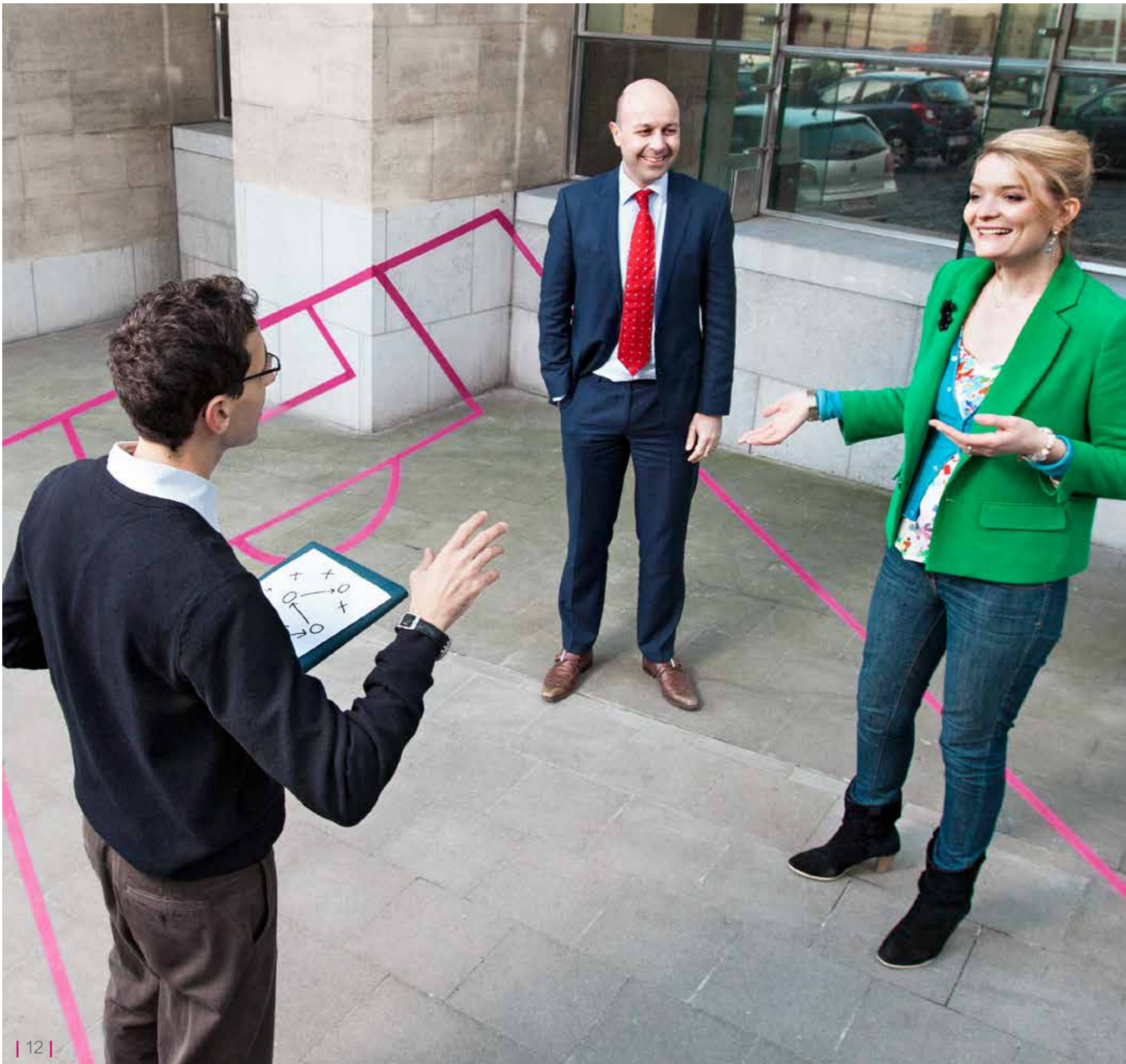
CONTINENTAL EUROPE

Luxembourg	Life inflows	at 100%:	2,841
		Ageas's part:	947
		ownership 33%	
France	Life inflows	at 100%:	362
		ownership 100%	
Italy	Non-Life inflows	at 100%:	217
		Ageas's part:	54
		ownership 50%	
		(as from 30 December 2014)	
Portugal	Life inflows	at 100%:	1,352
		Ageas's part:	690
		ownership 51%	
	Non-Life inflows	at 100%:	264
		Ageas's part:	198
		ownership 100%	
		(as from 1 July 2014)	
Turkey	Non-Life inflows	at 100%:	590
		Ageas's part:	212
		ownership 36%	

ASIA

India	Life inflows	at 100%:	109
		Ageas's part:	28
		ownership 26%	
China	Life inflows	at 100%:	8,177
		Ageas's part:	2,036
		ownership 25%	
Hong Kong	Life inflows		481
		ownership 100%	
Thailand	Life inflows	at 100%:	1,744
		Ageas's part:	538
	Non-Life inflows	at 100%:	235
		Ageas's part:	35
		ownership 31% Life, 15% Non-Life	
Malaysia	Life inflows	at 100%:	568
		Ageas's part:	176
	Non-Life inflows	at 100%:	587
		Ageas's part:	182
		ownership 31% Life, 15% Non-Life	

Gross inflow figures in EUR million



STRATEGY IN ACTION

2014 marks the end of the second year of our Vision 2015 strategic journey. As a reminder, the strategy was built around five strategic choices and four financial targets. The strategic choices we made enable us to reap the benefits of a well-diversified product and distribution mix, increase the relative size of our investment in high growth markets, and reduce our dependence on investment income. Whilst there have been challenges along the way, our choices and our targets are unchanged and our sole focus now is on delivery.

As Ageas reaches a critical point in the Vision 2015 timeline Bart De Smet elaborates on where things stand and what lies ahead.

ARE YOU SATISFIED WITH THE PROGRESS AGAINST THE PLAN?

“2014 was once more a record year for the insurance activities of the Group in terms of net profit. While some external parameters worked against us over the past year, we managed to book satisfying results on our Vision 2015 goals. We took a number of strategic actions to move us closer towards our targets while continuing to deliver the best Life and Non-Life insurance solutions to our clients in Europe and Asia. But we’re not there yet and there is more to do. Our role as insurer is to anticipate the needs of our customers and to make sure we are well prepared to deliver in line with their expectations. I’m convinced that we are, and that Ageas is **on the right track.**”

Rebalancing our Life and Non-Life Portfolios

AGEAS MADE SOME IMPORTANT INVESTMENTS IN NON-LIFE IN 2014. HOW DID THIS IMPACT THE BALANCE BETWEEN LIFE AND NON-LIFE AND WHAT ARE THE PLANS FOR REACHING THE 60/40 TARGET?



“We remained fairly stable over the course of the year as progress was made across both Life and Non-Life. By acquiring full control of our Non-Life businesses in Portugal and Italy we have been able to **strengthen our position in Non-Life**. At the same time we now have the capacity and potential to further expand our distribution capabilities in these two important markets. The decision to sell the UK Life business will also allow our UK colleagues to focus fully on the development of the UK Non-Life activities. We have at the same time continued to renew and expand our distribution agreements in this important market. But the positive impact of these transactions has been offset by exceptional growth in Life especially in China, but also in Thailand and Luxembourg. In Belgium, AG Insurance took advantage of the opportunity to take over the Group Life portfolio of the Belgian insurer Fidea which has further improved the Group’s position in the market. So good progress has been made in Non-Life, but we also took advantage of substantial organic growth in our Asian and Luxemburg Life operations.”

THE AGEAS REPORT CARD

	Target by end 2015	Position end 2014	Position end 2013	Position end 2012
% Life / Non-Life inflows at Ageas's part	60/40	67/33	67/33	67/33
Combined Ratio	<100%	99.6%	98.6%	99.1%
Return on Equity of Insurance activities	11%	8.8%	8.3%	8.7%
% capital in emerging markets	25%	17.5%	12.6%	12.1%

WHAT NEXT?

“The reality is that the growth rates in the Asian Life market in particular have been in the **20-25%** range, which has in 2014 impacted the portfolio in favour of Life. However the impact of the Non-Life transactions completed in 2014 will be seen from 2015 onwards. **We will continue to look for opportunities** in Non-Life that fit our business model without, however, deviating from our strict investment principles.”

Improving our operational performance

DESPITE THE IMPACT OF THE EXTREME WEATHER CONDITIONS IN SOME MARKETS, THE GROUP HAS STILL ACHIEVED A COMBINED RATIO (COR) OF 99.6%. WHAT IS BEHIND THIS RESULT?



“Certainly the floods in the UK and the hailstorms in Belgium were not helpful in our efforts to realise our COR target that, taking into account the current low interest rates, we decided to further strengthen and fine-tune to 97%. Importantly we delivered for our customers, providing assistance to more than 50,000 families in these markets through professional and high quality support, while maintaining our COR level below 100% for the third consecutive year. This reflects our efforts to boost operational performance across the Group and especially in those markets most affected by weather related events. But **improving performance** is also about managing risk more

effectively and multiple initiatives have been taken amongst others, in the areas of fraud detection, pricing and underwriting. To reach and maintain the 97% target we will consistently strive to enhance our operational performance structurally across the breadth of our organisation and at every layer of the value chain from pricing, client acceptance, underwriting and distribution through to claims management.”

Increasing our Return on Equity (ROE)

THE 11% ROE TARGET IS A CRITICAL INDICATOR FOR THE EXTERNAL MARKET AND WHILE PROGRESS HAS BEEN MADE, FURTHER INITIATIVES ARE ALSO IN HAND TO CLOSE THE GAP. SO WHAT HAS CONTRIBUTED TOWARDS THE RESULT IN 2014?



“On the positive side we achieved **record insurance profits** in 2014 underpinned by strong growing volumes in **Asia**, a Combined Ratio below 100% and solid operating margins. At the same time we optimised our equity position by successfully up-streaming excess capital from operating companies while enhancing debt funding; and furthermore we increased our stake in some of our joint ventures. But persistent low interest rates, leading to further increased unrealised gains on fixed income investments and net equity, had a negative impact on the ROE metric. If we calculate ROE on our insurance activities excluding unrealised gains the percentage was actually 11.4%. Importantly the intrinsic quality of our results has structurally improved thanks to our ongoing actions. A number of proactive steps are being taken to progress further towards our ROE target, including maintaining or improving the operating margin in Guaranteed products and growing Unit-Linked operating margins. In Non-Life we will look for constant improvements in the combined ratio within the current low interest rate environment while growing volumes in higher ROE segments. Efforts to work on our capital structure and debt funding will also continue.”

Extending our reach in the emerging markets of Europe and Asia to 25 % of capital

THE RESULTS UNDERSCORE THE CONTINUING IMPORTANCE OF ASIA AS A STRONG GROWTH MARKET. WHAT HAS AGEAS DONE IN THE PAST YEAR TO LEVERAGE THIS GROWTH OPPORTUNITY, AND HOW DO YOU SEE THE FUTURE?



“The decision to deploy increased capital in emerging markets reflects the strong rates of **growth** in these markets compared to more mature markets. The proportion of capital invested has increased as a result of reinvestment of part of local profits and to a lesser extent the deployment of additional capital in China. The impressive growth in **Asia**, especially in **China** and Thailand, validates that decision. The number of agents and brokers on the ground in China increased to 140,000; the number of clients grew to 8.5 million; inflows from Asia rose by 21 % and the region already accounts for 23 % of the Group’s net insurance profit. In terms of inorganic growth we were not able to conclude any new transactions in 2014. We always look to work with partners to expand into current and new territories where our combined skills can add value to a market, as we have done by opening a representative office in Myanmar via Muang Thai Life.

Moving forward we will continue to leverage the excellent growth opportunities that exist alongside our current partners, while continuing to **explore** current and potential **new markets** and opportunities to **grow inorganically**.”

ageas DELIVERED IN 2014

Gross inflows (at 100%)

EUR **25.8** billion

Life EUR 19.7 billion Non-Life EUR 6 billion

Gross inflows (Ageas Part)

EUR **12.5** billion

Life EUR 8.4 billion Non-Life EUR 4.1 billion

2014 was another solid year for Ageas with strong insurance results and continuous progress against strategic objectives. The insurance business delivered double digit net profit. Inflows increased across Life and Non-Life boosted by continued growth in Asia. The balance sheet remained solid underpinned by strong solvency levels and a cash position reflecting continuous improvement in the capital structures of the operating entities and disciplined up streaming of cash to the Group. And shareholders will share in this success, with a proposed gross cash dividend of EUR 1.55 per share.

Group net result

EUR **476** million

Insurance EUR 737 million General Account EUR -261 million

Insurance net result

EUR **737** million

Life EUR 533 million Non-Life and Other Insurance EUR 204 million

Life technical liabilities

EUR **74.8** billion

Up 8%, mainly reflecting higher volumes across all business lines.

Shareholders' equity

EUR **10.2** billion

Or EUR 46.60 per share, strong increase, mainly driven by increased unrealised gains on the bond portfolio linked to lower interest rates.

Gross cash dividend 2014 proposal

EUR **1.55**

Corresponds to a proposed payout ratio of 45% which is in line with the Ageas dividend policy to pay out 40 to 50% of the Insurance net profit. It represents an increase of 11% compared to last year.

Group solvency

210%

Down from 214% but still solid.

Insurance solvency

206%

Stable compared to last year (207%), but still very strong.

Combined Ratio

99.6%

Below the 100% target despite the negative impact of the floods and storms in the UK and Belgium.

Cash return to Shareholders

Buy-back EUR **208** million

Dividend EUR **309** million

Net cash position

EUR **1.6** billion





NEWS FROM THE BUSINESS

IN THE FOLLOWING PAGES YOU CAN LEARN MORE ABOUT EACH OF THE GEOGRAPHIC AREAS IN WHICH WE ARE PRESENT: BELGIUM, THE UNITED KINGDOM, CONTINENTAL EUROPE, AND ASIA.

And as insurance is a local business, you will see that our profile in each of these markets is quite different. This is reflected in our areas of focus and in the way we are organised in each of the markets from the partners we work with to the distribution channels we employ. We also take a look back at our performance in 2014 while sharing with you our key priorities for the future. And to help bring our story to life enjoy a glimpse of some of the news headlines from the past year as well as more in-depth examples of our strategy in action around the world.

NEWS FROM

BELGIUM



AG Insurance is a multi-channel Insurance company, operating in Belgium. The company is active in Life and Non-Life and offers a broad range of products that meets the needs of individuals and companies. AG Insurance is the **market leader** in the Belgian insurance market with the highest market share in Life and a strong second position in Non-Life insurance. Given its size and importance on the Belgian market, AG Insurance is considered to be one of the 'systemically important financial institutions' by the Belgian National Bank.

AG Insurance is active in three main market segments: Life Retail and SME, Group **Life and Non-Life**. AG Insurance operates an integrated **multi-channel** strategy and distributes its products and services via more than 3,000 independent brokers as well as through partnerships with BNP Paribas Fortis and bpost bank/bpost banque.

AG Real Estate, the largest real estate group in Belgium, is also a part of AG Insurance, with a diversified portfolio of real estate assets valued at around EUR 5.5 billion.

CUSTOMERS
3.7 million

The market environment

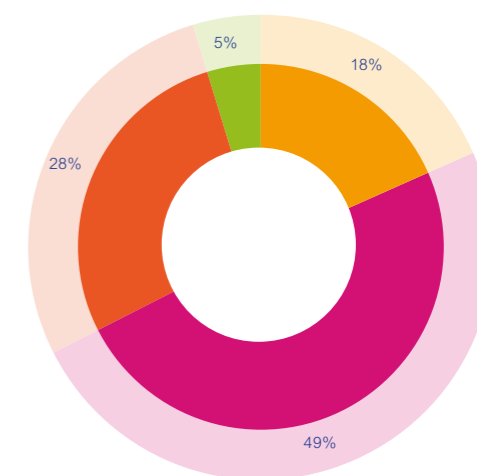
Belgium is the primary home market of the Ageas Group, and also home to AG Insurance, the market leader in the Belgian insurance market. The Belgian market is a mature one that is subject to certain global trends, such as ageing populations and a growing middle class, which are important drivers of growth opportunities, particularly in the Life area. There are however many local challenges, such as the severe impact of weather related events in Belgium in 2014, and new regulations with an increased focus on customer protection and transparency which are determining the types of solutions and how we offer them to our customers. In the area of risk, our attention is currently focused on financial market volatility, the low yield environment and compliance with increasing regulatory changes.

We are also seeing a change in customer behaviour and the increased relevance of the 'hybrid customer', meaning that customer engagement is essential. To enable customer engagement and an improved customer experience, data management and the effective use of data are playing an increasingly important role.

Performance in 2014

Belgium reported a strong performance in 2014 with a double digit growth in net profits. Inflows reflected solid sales in Guaranteed Savings products despite progressively lowered guaranteed rates during the year. In contrast sales of Unit-linked products declined significantly across both the bank and broker channels reflecting a lower customer appetite. In Non-Life, weather related events in the first half and an underperformance in Third Party Liability had a negative impact on the full year combined ratio but this recovered somewhat in the fourth quarter thanks to a good performance in Household and Motor.

GROSS INFLOW BREAKDOWN BY PRODUCT (in %)



GROSS INFLOW BREAKDOWN BY DISTRIBUTION CHANNEL (in %)



Gross Inflows	5.9 billion
Net Profit	392 million
Combined Ratio	101.2%



BELGIUM

NAMES:
**AG INSURANCE,
AG REAL ESTATE**

**LIFE AND
NON-LIFE**

NO.1 LIFE
27.7% MARKET SHARE

NO.2 NON-LIFE
16.5% MARKET SHARE

6,943 ↗
STAFF (END 2014)

4,285
BROKERS AND AGENTS

Strategic focus

AG Insurance remains focused on being a leading and profitable multi-distribution service provider of insurance products while strengthening its market position in Life and Non-Life. In achieving its objectives, profitable growth and tight risk management remain essential. These key areas of attention are supported by the continuing theme of 'Assure Profitable Growth'.

As well as managing risks, sustainable and profitable business has to be conducted in order to offer a fair reward to shareholders and to fund future growth. AG Insurance will continue to use retained earnings to finance growth and new developments, while achieving a correct and adequate return on its risk adjusted capital.

AG Insurance will also focus diligently on cost containment in its efforts to achieve long term profitable growth, improving internal efficiency while maintaining the highest quality for its products and services. AG Insurance closely monitors the evolution of cost ratios and aims to further improve cost transparency and accountability. Ongoing initiatives in this area include the further rationalisation of IT platforms, Business unit automation projects such as EB online, mortgage-linked insurance underwriting, 'less paper' projects, and the roll-out of several Lean projects across operational services.

AG Insurance

AG Insurance is the market leader in the Belgian insurance market with the highest market share in Life and a strong second position in Non-Life insurance.



NEWS FACTS



AG INSURANCE SPONSORS MEMORIAL VAN DAMME

AG Insurance has become the title partner of the Memorial Van Damme, the internationally renowned athletics meeting which forms part of the IAAF Diamond League, for the next three years. This is one of the most important sporting events in the Belgian sporting calendar, attracting top athletes from around the world. Now in its 38th year, and first organised in honour of Belgian double Olympian Ivo Van Damme, the Memorial Van Damme is an important fixture in the athletics world. AG Insurance is committed to the health and well-being of its customers and employees, so this event was a perfect match with the company's sponsoring strategy. In parallel AG Insurance activated its own programme of sporting challenges internally, in which 67% of the company participated.

“ AG Insurance delivered overall satisfactory results in 2014. Thanks to strong Asset-Liability Management (ALM) our Life results remain solid, while Non-Life results were mixed. As the largest household insurer in Belgium, the June hailstorm had a significant impact on our Non-Life results. But our underlying profitability in most Non-Life products improved and where necessary we have taken the appropriate measures. The quality of our products and level of service remains among the best in Belgium, as is our overall efficiency. This, together with our strong ALM position, allows us to be positive about the future performance of the company. ”

Antonio Cano, CEO Belgium



AG REAL ESTATE SELLS 39% OF INTERPARKING

AG Real Estate has sold a 39% stake in Interparking to Canada Pension Plan Investment Board (CPPIB), but it remains the majority shareholder with a 51% shareholding. Interparking is a leading player in public car management in Europe with activities in nine countries and a staff of some 2,300. The relationship with Interparking dates back to 2002 when Ageas acquired its owner Bernheim-Comofi, a key step in the development of AG Real Estate. Interparking has since then become a real success for AG Insurance, the owners of AG Real Estate, making a positive contribution to the company. Joining forces with a strong investor like CPPIB puts Interparking in a good position to deliver its growth ambitions, while the cash generated from the sale will enable AG Real Estate to further expand its real estate portfolio.



NEWS FROM BELGIUM

AG INSURANCE RISES TO THE CHALLENGE OF HAIL STORM CLAIMS

When Hail Storms hit Belgium hard in June, thousands of private and corporate customers were badly affected. AG Insurance immediately sprang into action to support its customers with 30,000 claims across both motor and house insurance. The priority was getting these settled as quickly as possible. To help achieve this emergency measures came into force and extra help was enlisted from colleagues outside of the claims department to assist in claims handling.

Immediate assistance was provided to those most in need and within four days almost all claims related to damaged vehicles had been registered and repairers and claims adjusters designated. So although the storm was unexpected AG Insurance had the appropriate emergency procedures in place to help its customers when they most needed it.



AG INSURANCE INVESTS IN HIGH GROWTH DIGITAL HEALTHCARE OPPORTUNITIES

AG Insurance has invested EUR 5 million in the Capricorn ICT Arkiv Fund, which finances high potential local growth companies with a special focus on Digital Healthcare and Big Data. This investment fits strategically with AG Insurance's leading role in healthcare and will be invaluable in identifying and capitalising on the latest health-related trends and opportunities. At the same time this investment diversifies AG Insurance's investment portfolio. Launched in 2012, Capricorn ICT Arkiv Fund is a venture capital fund dedicated to identifying and financing innovative European ICT projects in the healthcare, pharmaceutical and biotech industries, providing talented entrepreneurs with crucial support in the early stages of their growth and development.



DON'T WORRY... BE HAPPY :)

When AG Insurance set out to find out more about its customers and specifically what makes them happy, it launched the 'Happiness Barometer'. This periodic market research enables AG Insu-

rance to keep its finger on the pulse in terms of the needs, wants, dreams and fears of its customers. A better understanding of these factors will also help point the way towards what needs

to be done to best assist customers in the future. It would appear that happiness can be influenced by many things including family life, health and money, and our freedom to make choices. 2000 Belgians were surveyed, and it is official - with an average score of 6.8 out of 10, Belgians are pretty happy people and in the main optimistic about the future. But it is not just about the customer. AG Insurance has put a great

deal effort into building a flexible organisation in which employees can thrive, promoting at every turn a good work-life balance and teamwork. In this context, as happier employees mean a better business performance, employees were also given an opportunity to also participate in the 'Happiness Barometer' study, the results of which will be known early 2015. Now that's something to smile about!



AG REAL ESTATE ACQUIRES ANTWERP COMPLEX

AG Real Estate has acquired Kievitplein, a 130,000 m² mixed purpose complex in Antwerp, for EUR 195 million. This is the first acquisition of its size in Belgium outside of Brussels, and is in line with AG Real Estate's strategy of investing in strategically located projects in major Belgian cities. The appeal of the site lies in its proximity to Antwerp Central Station with its international HST connections and a direct connection to Brussels National Airport. The complex is a mix of office space (tenants include Alcatel-Lucent and the Flemish Community), hotels, shops, residential space and car parks.

BROKERS CITE AG INSURANCE AS FAVOURITE PARTNER

AG Insurance was awarded the Decavi Brokerage Trophy in both Life and Non-Life for the first time in 2014, a clear vote of confidence by the broker community. Unlike other Insurance awards the Brokerage Trophy is awarded solely on the basis of a survey of insurance brokers. And while the company has been successfully in winning one or other of the awards some six times over the past nine years, this was the first time AG Insurance did the double! Brokers are ideally placed to judge the quality of insurance companies' products, claims settlement and service, so being named as their favourite partner is highly appreciated.

AG Insurance strengthens its Life portfolio

AG Insurance acquired Fidea's portfolio of group insurance contracts and individual commitments. The portfolio represents an annual premium income of EUR 32 million and approximately EUR 440 million of assets under management.

STORIES OF KNOWLEDGE SHARING

MINING DATA TO IMPROVE THE CUSTOMER EXPERIENCE



TERMS LIKE BIG DATA, PREDICTIVE ANALYTICS, AND DATA MINING ARE INCREASINGLY COMMON PLACE, AND AT MOST INSURANCE INDUSTRY EVENTS AT LEAST ONE OF THESE 'HOT' TOPICS WILL BE ON THE AGENDA. THERE IS A GOOD REASON FOR THIS.

Insurers like Ageas recognise that when data is used in the right way, it is a win-win for both the insurer and the customer. The insurer can, for example, ensure greater accuracy in targeting products, which itself enhances the customer.

This is an increasingly important topic for Ageas and one that is being explored across the network. This year a global conference was held in the UK to share knowledge about data mining, which provided further impetus for projects already ongoing, as well as future ones.

According to **Dries De Dauw**, Head of Customer Intelligence and Analytics at AG Insurance:

“It’s all about putting the customer first. We try to bring together all of the available internal customer data to help determine more accurately the needs of customers so as to offer them products where there is added value; the right solution for the right customer.”

Belgium and UK putting the customer first

Put simply, Data Mining is the process of extracting patterns from data. It has become an increasingly important tool for transforming that data into information, helping to improve profiling practices and increasing the likelihood of more accurate product marketing for the customer. When AG Insurance in Belgium wanted to explore ‘customer lifetime value’ modeling in more detail it sought to collaborate with Ageas UK, who had already shared some of the results of their local experience. Based on the UK model AG Insurance developed the right tools for learning more about their customers and their behaviour, and therefore their potential needs.

Improved marketing, improved sales

Whilst data mining is used in many different ways, in this case ‘Predictive Analysis’ enabled AG Insurance to increase the efficiency of its marketing campaigns. In a traditional marketing campaign, out of a million mailings one might expect to see around 50,000 conversions. With predictive analytics, customers are pre-selected based on existing and centralised data, reducing the number of mailings to around 200,000, certain in the knowledge that around 50% would be likely to buy. It is all about accurate target marketing – which is good news for customers, who are not bombarded with offers that are of little interest to them.

Even in the initial phase the results are impressive with increases in the sales ratio of 30 to 50%. Data Mining has helped AG Insurance to determine the customer’s propensity to buy.



“It was invaluable to be able to tap into existing knowledge and experience – in this case in the UK. It allowed us to develop our own model much more quickly, skipping the proof of concept phase and moving directly to a valuable result.”

SOLVENCY II CHALLENGE: SUPER CALCULATOR FOR 5 COUNTRIES GOES LIVE



WHEN COMMENTATORS TALK ABOUT SOLVENCY II, MOSTLY IT IS IN THE CONTEXT OF “WILL INSURERS BE READY IN TIME?”. AND THEY WOULD BE RIGHT TO HIGHLIGHT THIS POINT, AS IT DOES INDEED REPRESENT AN ENORMOUS MANAGEMENT CHALLENGE.

Solvency II will significantly tighten requirements for how much capital insurance companies will need to hold, will introduce tough rules governing how insurers identify and monitor risk, and will establish strict disclosure guidelines to increase transparency, a positive development for both the industry and its customers.

A super-sized international effort

Faced with the challenges posed by Solvency II, AG Insurance focused on the construction of a platform capable of processing millions of bits of data and testing thousands of different hypotheses. But while AG Insurance took the lead within Ageas, this was a truly collaborative effort involving many people from various fields and markets.

Wim Waerenborgh who is project manager IT at AG Insurance for the Solvency II project explains:



WIM WAERENBORGH

“We had to create a virtual supercomputer that was powerful enough to perform all simulations and capable of processing enormous amounts of data. As a result of this project the entities involved now have at their disposal a shared calculation capacity that would otherwise not be economically viable.”



PETER BEDERT

Actuaries and computer engineers together created the platform with a power representing some 15% of the total server capacity of the company. In simple terms this platform develops a model of the principal risks for five Ageas group countries: Belgium, Hong Kong, France, Portugal and the UK. As the Transformation & Technology project leader Peter Bedert explains:

“The calculations are quite complex and take one to eight hours to process. The platform registers the applications and assigns a priority in terms of the work to be performed for each. Work that had historically needed up to some sixty computers running all night was replaced with a single platform.”

It is all about the data

First, business lines retrieve all of the relevant data from contracts, claims, investments and other sources and summarise all inflows and outflows of money for future decades. The tool then recalculates the current value of assets and liabilities and the capital required to cover all of the risks in both normal conditions and under various stress scenarios.

The numbers resulting from the central calculations enable the Operating Companies to produce reports containing some 3,500 different elements, ready for inspection by the Supervisors. And the Belgian regulator seems to have liked what it saw, awarding AG Insurance a maximum score in its data quality audit. Given the international impact of Solvency II, this was not a project only designed for AG Insurance; it has true international implications and applicability.

Commenting on the process and the cross border collaboration Henk ten Bos CIO from AICA in Hong Kong said:

“Working on a system more than 9000 kilometres away and in a completely different time zone initially provided us with a number of challenges. But with the help of some innovative technology to bridge the gap and by having the business and IT teams in Brussels and Hong Kong working very closely together we eventually managed to build a solution where our users are comfortable to perform their quarterly calculations.”

A super-sized project demanded a super-sized virtual computer, and this innovative in-house developed technology solution has increased transparency and ensured proper verification of data in various different scenarios. The challenge now is to manage even more quickly increasingly sophisticated and complex calculation models.



HENK TEN BOS

NEWS FROM THE UNITED KINGDOM



Ageas UK operates nationally from a number of offices. **Ageas (UK) Limited** provides **Non-Life** products distributed through a range of channels including brokers, affinity partners and the Internet, as well as variously wholly or partially-owned companies.

Ageas Insurance Limited is the wholly owned operating company providing the complete range of branded and white-labelled insurance propositions in **personal lines** and **small commercial insurance** packages.

The wholly owned **Ageas Retail Limited** includes Insurance Solutions, the over 50's insurance specialists RIAS and Castle Cover and Kwik Fit Insurance.

Additionally Ageas UK operates a joint venture with Tesco Bank which provides **motor** and **home insurance** to over a million of Tesco Bank's customers.

The market environment

The UK insurance industry is the third largest in the world, after the United States and Japan, and the largest in Europe. In addition to the global challenges faced by the insurance sector, the highly competitive UK insurance market has its own characteristics. It is very transparent - Customers are able to compare prices, have considerable choice and move between providers relatively easily, and there is particular pressure on premiums and margin in Motor. The UK's Twin Peaks regulatory regime continues to embed within the market and there are frequent challenges to the industry to review and potentially change business practices.

The opportunities

There are continuing signs that economic and consumer confidence is rising and together with technological developments and demographic changes, there remain opportunities for growth. Ageas UK is a leading market player in the growing over-50s market and its telematics insurance product for younger drivers continues to grow. It is also playing its part in supporting customers through initiatives such as the development of the new flood insurance arrangements in the UK, and gaining UK Government support for a National Older Drivers Strategy. It continues to look for ways to maximise the strong reputation for customer service that it has built up over many years, with expanding its multi distribution capability.

Performance in 2014

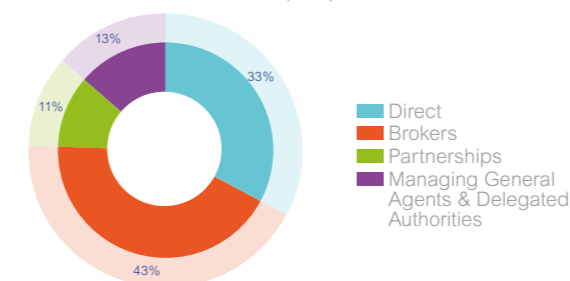
The United Kingdom posted a healthy increase in net profit, recovering well from the impact of adverse

weather related events early in the year. The combined ratio was below 100% at year-end including the weather impact, considerable losses on Motor and business integration costs. Motor inflows continued to grow, and despite industry trends towards lower premiums, Ageas has maintained a disciplined approach to pricing in both Motor and Household. At the strategic level, Ageas UK completed the sale of its Life business, Ageas Protect, allowing it to fully focus on its Non-Life business moving forward. The year ended positively with Ageas UK and Tesco Bank signing an agreement to extend their partnership that today serves some 1.2 million customers.

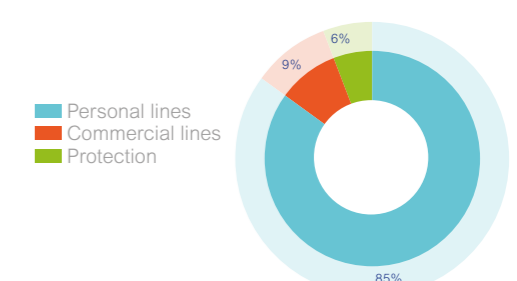
Our focus

Following the sale of its Life Protection business, Ageas UK will focus entirely on the development of its Non-Life insurance activities. In this context, the implementation of the growth and simplification plans in Ageas Retail will continue including new investment in areas to drive growth such as pricing, data analytics and marketing. In the Insurance business, its strong position in Personal lines will be complemented by an additional focus on key areas of the Commercial lines market, where it has identified it can add value to both its trading partners and its customers. The integration of its Insurance business will continue following the success to date of the Groupama Insurances acquisition.

GROSS INFLOW BREAKDOWN BY DISTRIBUTION CHANNEL (in %)



GROSS INFLOW BREAKDOWN BY PRODUCT (in %)



Gross Inflows	2.4 billion
Net Profit	117 million
Combined Ratio	99.8%

NEWS FACTS

AGEAS UK SCOOPS TOP INDUSTRY AWARDS

Ageas UK picked up the coveted 'General Insurer of the Year' award at the 2014 British Insurance awards which CEO Andy Watson attributes to the company's strong commitment to putting the customer first, and which has enabled the company to remain a trusted choice for insurance buyers. The UK was also named



'Insurance Times Personal Lines Insurer of the year' for the 4th consecutive year as voted for by brokers. In such a competitive insurance market as the UK, such awards are particularly hard earned and appreciated. Ageas UK was also re-

cognised in the category of 'Transformational Deal of the Year' following the successful integration of Groupama. And there was a special life time achievement award for Barry Smith, Chief Operating Officer for Ageas, which recognised his important contribution and the leadership role he has played not just for the Ageas Group but on behalf of the insurance industry as a whole.

“ It's been another year of progress for Ageas. We took the decision to divest our Life Protection business, which although has made a strong impact in its chosen market, reflects the fact that our main focus and expertise in the UK is in Non-Life supporting the Group's overall strategy to rebalance its portfolio. We have made great progress in integrating our Non-Life insurance businesses and began implementing a plan to simplify and grow our Retail business which is already showing good results. What's been most satisfying is the number of awards we continue to win voted for by our brokers, partners, customers and the industry. It reinforces our desire to do the right thing and achieve the best possible outcome for customers. ”
Andy Watson, CEO UK



UK

BRAND NAMES:
AGEAS INSURANCE, TESCO UNDERWRITING, RIAS, CASTLE COVER, KWIK FIT INSURANCE

NON-LIFE

2,500 ↗
BROKERS

NO.3 PRIVATE MOTOR
NO.4 PERSONAL LINES INTERMEDIARY
NO.7 NON-LIFE

9 MILLION
CUSTOMERS

2.2 MILLION
HOUSEHOLD CUSTOMERS

3.6 MILLION
VEHICLES INSURED

6,000 ↗
STAFF

PARTNERS INCLUDE
TESCO BANK, JOHN LEWIS, AGE UK, TOYOTA AND VIRGIN MONEY

AGEAS UK EXTENDS PARTNERSHIPS WITH TESCO AND JOHN LEWIS

Ageas UK has successfully extended its partnership agreements with two important retailers in the UK - Tesco and John Lewis. The deal agreed with Tesco Bank extends the partnership for up to seven years. Since its creation in 2009, Tesco Underwriting has become a significant player in the UK insurance market with over 1.2 million customers and delivering more than £440 million in Gross Written Premiums every year. Ageas will continue to support Tesco Underwriting through its claims expertise and other specialist services, while Tesco Bank will be responsible for retail pricing, sales and marketing, customer service and product development. Tesco Underwriting will remain 50.1% owned by Ageas.



The agreement with John Lewis provides a five year extension to the existing partnership. John Lewis is one of the most trusted retail brands in the UK and under this agreement Ageas will continue to provide a car insurance product specifically created for John Lewis Insurance with key cover options and benefits that match the needs of the retailer. The agreement builds on a relationship that began back in 2008. Since that time the partnership has evolved to provide travel insurance also.

Ageas UK extends partnership to the 'Family'

Ageas has continued to expand its partnerships, securing a new deal with the Family Building Society, part of the National Counties Building Society. Under this agreement Ageas will provide full sales and service functions and create a panel of insurers to provide home, building and contents insurance for the customers of Family Building Society. Home insurance will become an integral part of the Family Building Society's innovative mortgage products.

AGEAS UK AND VAUXHALL BUILD ON PAST SUCCESS

Building on the foundation of an existing five year relationship, Ageas and Vauxhall, one of the UK's largest motor manufacturers, expanded their partnership to include the provision of Van Insurance for the first time alongside the existing Motor insurance offering. This agreement has enabled Vauxhall to widen the insurance products it offers to customers enabling it to provide Van Insurance on all new or used vehicles via its dealer network. For Ageas UK this was an opportunity to expand its product offering alongside a longstanding partner and based on extensive experience in the motor sector.



AGEAS UK SELLS LIFE ACTIVITIES TO FOCUS ON NON-LIFE

Ageas UK sold Ageas Protect to AIG allowing it to concentrate fully on the development of its Non-Life activities in the UK market. Ageas Protect was launched in the UK in 2008 and since then it has developed into an important player in the individual protection market where it enjoyed a 5% market share. The decision to divest is in line with the Group's Vision 2015 strategy focussing more on the development of the Non-Life market moving forward. Ageas already has a very strong grounding in Non-Life as the third largest Motor insurers, the sixth largest general insurer and the fourth largest Personal Lines intermediary.

'BACK TO SCHOOL' FOR CLAIMS HANDLERS

One year from the St Jude storm, Ageas literally went back to school, enrolling claim handlers on a training course at the National Flood School in Surrey. The one day training course for front line claims handlers was designed to help the team put themselves in customers' shoes in the event of future claims of the type previously experienced. Participants were exposed to the realities of what can happen in the event of a flood with a model home set up to show how damage occurs. It is all about reducing the claims cycle during critical moments where time is of the essence.

AN UNDERWRITING 'CLASSIC' FOR AGEAS IN THE UK

Underpinning Ageas's strength in non-standard Motor insurance and its understanding of the Classic Car market, a five year deal was agreed with Footman James, one of the UK's leading Classic Car Insurance brokers. This is a 'classic' combination that sees Ageas providing solutions across a range of niche

Classic Car covers. Ageas has a strong track record and reputation in Classic Car insurance through existing niche Motor Underwriting deals and its Optima Classic Car product which was developed in consultation with vehicle owners, enthusiasts and Classic car clubs.

AGEAS TAKES POSITIVE ACTION TO AID FLOOD VICTIMS

When the Ageas UK CEO was invited to 10 Downing Street to attend the CEO Flood Operational Meeting this was an example of industry wide collaboration around a major issue – the devastation of the UK floods. Ageas had already taken its own steps to do everything possible to support its customers; ensuring customers were seen within 3-5 days by a loss adjuster; staying in constant touch with its customers, and doing everything possible to get people back into their homes as quickly as possible. In response to the Government's request, Ageas confirmed that it would provide continuous support while Flood Re is under development and that it would participate in future discussions on this important issue.



Ageas 'cleans up' in niche insurance sectors

Ageas UK and UK partner Darwin Clayton share a similar strategic vision when it comes to the provision of niche sector insurance products. Ageas UK has been able to strengthen its partnership with Darwin Clayton as a result of the increased product range and expertise it inherited through the acquisition and integration of Groupama Insurance Company Limited. The Darwin Clayton Cleaning and Facilities Management Policy is a specialist niche product designed for cleaning contractors and facilities management businesses. It joins a series of other niche products which includes recruitment and security insurance policies.

WHAT IS FLOOD RE?

The Association of British Insurers, the Government and UK insurers agreed to the setting up of a not-for-profit fund – Flood Re – to ensure that flood insurance remains affordable and available to homeowners at high floor risk. **The aim is to have this ready for business by summer 2015.**

STORIES OF KNOWLEDGE SHARING

WORKING TOGETHER TO COMBAT FRAUD



IT IS A STARTLING FACT THAT AN UNACCEPTABLY HIGH PROPORTION OF CLAIMS ARE FRAUDULENT AND INCIDENTS OF FRAUD HAVE INCREASED EXPONENTIALLY.

This is not only a problem for the industry but also for customers, as de facto it has a knock on effect on pricing, which is never acceptable. Insurance companies that implement appropriate fraud detection tools to identify and manage these types of claims can improve their profitability but more importantly they can offer customers appropriate premiums.

A problem shared...

While there is definitely no 'one size fits all' approach to tackling this problem and solutions can vary from market to market, we do see patterns that cut across borders, and sharing expertise within the Group is therefore crucial. In more mature markets such as the UK there is also a willingness and capacity to share information and data across the sector with a view to fraud prevention which is a healthy focal point for industry collaboration.

In the UK fraud detection and resolution is a core activity for Ageas UK as the latest data⁽¹⁾ highlights. General



ANDY PAGETT, COUNTER FRAUD MANAGER

insurers, as a whole, detected 118,500 cases of attempted claims fraud in 2013 totalling almost £1.3 billion (EUR 1.6 billion), an 18% increase in value on the previous year.

118,500
cases of attempted claims fraud

What is clear to the market is that fraudsters have become more sophisticated and their methods continue to evolve. As insurers therefore our Anti-Fraud techniques need to remain cutting edge through continuous development and collaboration.

Leveraging UK experience

In support of Ageas Continental Europe's global claims community's aim of sharing knowledge on claims related issues from across the organisation, the UK's Counter Fraud manager **Andy Pagett** shared his experience.

Andy spent time with Millenniumbcp to impart his knowledge of the claims process and culture as well as of the wider impact of fraud. Andy's attendance included training to introduce two techniques, which the UK's award winning 'Ageas Way' is based upon: Systems Thinking and Conversational Management. The first encouraged Millenniumbcp staff to ensure that the claims process focused on the customer by ensuring claims are dealt with from start to finish by the same claims handler. The rationale behind this process

⁽¹⁾ABI Key Facts 2014 (Represented data is 2013)

is that claims are shorter and more simplified. The second, Conversational Management, is designed to improve the customer journey and to highlight anomalies in the customer story to reveal misrepresentation. Additionally, Andy also contributed to the Household Programme, sharing his knowledge on Process Enhancement, the Customer Centric

Approach, Claims Prevention and Contingency Planning, and Fraud Mitigation from analysis through training and an initial rules proposal.

The Programme resulted in a new Household Product HOMIN, delivered on schedule, with real impact and visible results.



Jeroen Meijers, Marketing Director at Millenniumbcp:

“Andy has added real value to the business, taking time to understand local needs and applying his vast experience to our business. As a result we have been able to launch initiatives in record time and to a high quality, which wouldn't have been possible without his support. An excellent example of knowledge sharing in practice!”

SUPPLIER COLLABORATION TO ENHANCE THE CUSTOMER EXPERIENCE



AGEAS UK RECOGNISES THAT CLOSE COLLABORATION WITH SUPPLIERS IS A PRIORITY WHEN IT COMES TO PROVIDING A TOP QUALITY SERVICE TO CUSTOMERS.



The UK Household Insurance market has become ever more challenging, no more so than in claims settlement; cost pressure on the supply chain by other insurers has led to a 'vanilla' service provision. Many providers are increasingly procurement led with a focus on cost reduction rather than innovation and customer service, and there is little differentiation between providers.

Time for change

Customers are concerned with the level of involvement their insurer has in the claim, the number of parties involved and the quality of communication between those parties, with one in four reporting that they are increasingly driving the claim or communication between suppliers. This involvement increases still further when the claim is more complex. At the same time consolidation in the market between suppliers

and over supply of services has led to a loss of customer focus. The challenge for Ageas UK was to make claims involving suppliers seamless and efficient for the customer. Those suppliers can range from specialist companies that might dry a house out after a flood to builders who make repairs and loss adjusters who assess and quantify damage.

A household supplier review was conducted based on a dual strategy of achieving the highest level of customer service, while adopting a more co-operative relationship with suppliers.

Call to suppliers led to positive response

The Ageas Insurance Ltd management team hosted a nationwide road show for potential suppliers to present

the 'Ageas Way', the ethos that underpins the company's customer service proposition, and to lay out the challenge. More than 400 people attended from 115 organisations.

Service providers were subsequently invited to put forward innovative and potentially unique ideas to raise the bar on an already award-winning household claims service. The 110 proposals submitted suggest that suppliers are keen to work with Ageas. The final decision was based on those suppliers who provided evidence that they had customers in mind; would work collaboratively with other suppliers and who demonstrated innovation or a 'niche' ability to give Ageas service differentiation.

Developing tangible enhancements

Following an exhaustive evaluation process, 21 companies were appointed to the new Ageas panel of providers.

Among the improvements:

- Collaborative 'what happens next' information for customers linking together the respective suppliers and their services;
- Increased flexibility with visits and appointments including during evenings and weekends;
- Greater collaboration between suppliers including the provision of innovative surge solutions;
- Integrated systems to provide information on the status of claims and next steps, automatically updating payments.

According to **Rob Smale**, Claims Director at Ageas UK:

"The objective of our review was to challenge industry practice where customers have tolerated procurement led services focused on cost reduction and to continue to differentiate our award-winning proposition by focusing on innovation and customer service."





NEWS FROM CONTINENTAL EUROPE

Continental Europe (CE) is active in five different markets with a product range spanning both **Life** and **Non-Life**.

The markets in which CE has a presence are **Portugal, France, Luxembourg, Italy** and **Turkey**. The Non-Life business in Portugal and the Life business in France are **wholly owned subsidiaries**. The other insurance activities of Ageas in Continental Europe are organised as joint ventures through **key partnerships** with companies enjoying a sizeable position in their respective markets. Access to customers is facilitated through different distribution channels including mainly banks but also brokers and agents.

CUSTOMERS
4.6 million

The market environment

While it is important to consider each market on its own merits, it is fair to say that in general the economies of Continental Europe offer limited expectations of growth. The Eurozone is vulnerable to deflation, budgetary restrictions are limiting growth in the medium term, and low interest rates remain a challenge for the insurance sector. Competition is becoming more diverse, increasing the pressure on traditional distribution channels. New regulations lead to greater transparency impacting the way products are bought and sold. Insurers also need to respond to ever more demanding and better informed customers looking for risk and asset protection with convenient and flexible access.

But despite all this there are still many opportunities for insurers and in particular for Ageas given its diversified business and its multiple distribution channels. The path towards digitisation is one such opportunity, making the customer the centre of attention. New CRM and marketing concepts are consequently emerging that are helping to drive the business forward towards more accurate sales techniques. New technologies like Telematics are being embraced across the region significantly increasing transparency and appropriate pricing.

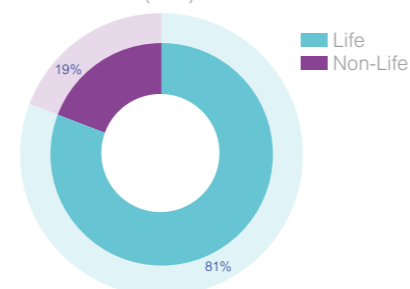
Performance in 2014

2014 was an important year for Continental Europe in terms of strategic development with the successful completion of Non-Life buy-out transactions in Portugal and Italy. But net profit declined significantly mainly as a result of lower Motor results in Turkey due to reserve strengthening. Gross inflows were up thanks to a particularly strong performance in Luxembourg driven by the wealth business. In Turkey the focus on Household and Motor Own Damage resulted in the Turkish inflows outperforming the market. Sales improved in Portugal mainly thanks to Healthcare, and in Italy inflows increased as a result of a better commercial performance in the bank channel. Based on the strong performance in Italy and Portugal, a healthy combined ratio of 92.1% was recorded on a consolidated basis.

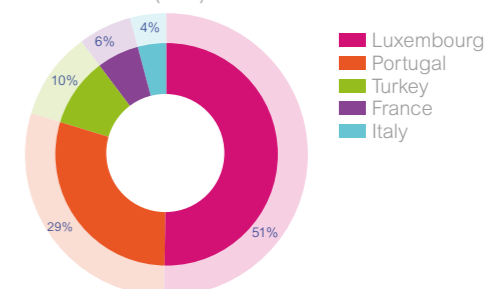
Our focus

Ageas Continental Europe will continue to look for opportunities to grow and strengthen its business, primarily in the markets in which it is already present. In this context, the successful acquisition of majority stakes in the Portuguese and Italian Non-Life insurance operations has provided an important platform for growth. Ageas will look to expand beyond existing distribution channels towards new ones that provide greater access to potential customers. The development of innovative ideas will also be a strategic focus in Continental Europe, particularly in high growth areas like Health, where Ageas has considerable experience and expertise. But while there are opportunities to grow, execution discipline will remain high on the agenda with continued attention being paid to the operational efficiency of each market, leveraging on expertise and best practices within Ageas.

GROSS INFLOW BREAKDOWN BY PRODUCT (in %)



GROSS INFLOW BREAKDOWN BY COUNTRY (in %)



Gross Inflows	5.6 billion
Net Profit	56 million
Combined Ratio	92.1%

NEWS FACTS



ITALY

NAME:
UBI ASSICURAZIONI
→ **CARGEAS***

NON-LIFE

STRATEGIC PARTNERSHIP

WITH BNP PARIBAS
CARDIF (50% + 1 SHARE)

DISTRIBUTION PARTNER:
UBI BANCA

1,700
BRANCHES

93 (CITY) AGENTS
AND BROKERS

NO.1 IN NON-LIFE
BANCASSURANCE

208
EMPLOYEES

AGEAS STRENGTHENS ITS POSITION IN THE ITALIAN MARKET

Five years after entering the Italian Non-Life market, Ageas and BNP Paribas Cardif acquired UBI Banca's share of UBI Assicurazioni (UBIA)* giving both shareholders 100% ownership of the business in Italy. Over the past five years UBIA has upgraded the quality of its business and product mix leading to improved operational performance and profitability. The company is now ready to further expand its business through a multi-distributional approach. With a majority stake for Ageas, this transaction also reflected the Group's strategy of strengthening its Non-Life business. An ongoing distribution agreement with UBI Banca allows the Group to continue to leverage off the bank's extensive branch network while also exploring additional distribution channels in this important Non-Life market. Despite the plethora of insurance companies present in the Italian market, the Non-Life market is still underpenetrated compared to the European average, constituting a significant opportunity for the future.

* UBIA was renamed to Cargeas in January 2015



CARDIF LUX VIE CELEBRATES 20 YEARS OF EXCELLENCE

2014 marked the 20th anniversary of Luxembourg insurer Cardif Lux Vie (CLV). It was an opportunity to celebrate the achievements of a company that is excelling in its chosen lines of business, namely Wealth Management, Employee Benefits and Retail. CLV is the result of the merger between Cardif Luxembourg International and Fortis Luxembourg Vie and is owned by three shareholders - Ageas, BNP Paribas Cardif and BGL BNP Paribas. CLV is a leader in the life insurance industry in Luxembourg and No.2 in assets under management.



FRANCE

NAME:
AGEAS FRANCE
LIFE

100%
OWNED

MAJORITY SHAREHOLDER
OF SICAVONLINE

1,260 ↗
IFA'S* AND BROKERS

165
EMPLOYEES

PARTNERSHIPS
WITH AVENIR FINANCE,
APRIL, BOURSORAMA,
BNP PARIBAS FORTIS

STRATEGIC REPOSITIONING IN FRANCE FOCUSES ON IFA'S* AND DIRECT DISTRIBUTION

Ageas leveraged its existing partnership with Group Avenir Finance to help reposition its business in France. Ageas France wanted to reinforce its local position and create a sustainable and competitive player in the market. To achieve this goal a reorientation of the existing business model was required to allow for further expansion in the IFA* market. The activities of Ageas France salaried network were transferred to Avenir Finance Gestion Privée (AFGP) which has a nationwide sales network. AFGP benefits in turn from a more diversified product range on top of its real estate product. Ageas also became the majority shareholder in Sicavonline, the leader in mutual funds distribution offering consultation on the Internet. As a result Ageas France now benefits from Sicavonline's platform, which enables the development of product distribution capabilities from mainly a B-to-C tool into also a B-to-B tool.

* Independent Financial Advisor

“ 2014 was a year of strategy execution while preparing the ground for the future. Our companies demonstrate operational discipline year after year with a strong combined ratio and a substantial growth in inflows. The redesign of our partnerships in France, Portugal and Italy has provided us with a solid platform for growth. We will continue to actively review all opportunities to strengthen and grow our business while addressing changing customer needs with innovative solutions. As our markets remain very challenging, continued attention will be paid to operational efficiency, leveraging on expertise and best practices across the region with highly motivated and skilled people. ”

Steven Braekeveldt, CEO Continental Europe





PORTUGAL

NAMES:
**MILLENNIUMBCP
 AGEAS,
 PENSÕES GERE,
 OCIDENTAL SEGUROS,
 OCIDENTAL VIDA**

LIFE AND NON-LIFE

**STRATEGIC
 PARTNERSHIP (51%)
 WITH MILLENNIUMBCP IN LIFE**

**NON-LIFE 100%
 OWNED**

DISTRIBUTION PARTNERS:
MILLENNIUMBCP
 AND IN ADDITION, SEVERAL
 PARTNERSHIPS FOR HEALTH

860 BRANCHES OF MBCP
 AND 240 BROKERS

490
 EMPLOYEES

NO.1 IN LIFE, (ON
 MATHEMATICAL PROVISIONS)

NO.2 IN ACCIDENT
 AND HEALTH (MÉDIS)

NO.6 IN NON-LIFE

**AGEAS TAKES FULL OWNERSHIP OF THE
 PORTUGUESE NON-LIFE ACTIVITIES**

Ageas acquired the remaining 49% stake in Non-Life activities Médis and Ocidental Seguros held by Millenniumbcp (MBCP) in Portugal to assume full control of the Non-Life business. This is an important step towards delivery of the Group's ambition to grow its presence in the Non-Life market. MBCP continues to be an important distribution partner for both Life and Non-Life insurance products but this move also allows Ageas to expand its distribution reach in Non-Life beyond the current distribution framework.

**MÉDIS PARTNERSHIPS DRIVING
 'HEALTHY' GROWTH**

Médis is a strong market leader and reference point in health care in Portugal enjoying a market share of 27%. Much of its progress in recent years has been down to the success of the Médis Partnership strategy which sees it team up with various companies from the insurance and banking industries. The model is simple: the partners take care of distribution and in return Médis delivers its renowned care solution. Current partners include CA Seguros, Liberty, Zurich, AXA, Macif, Mapfre and more recently Banco Popular and the Portuguese Post Office. Banco Popular has 180 branches in Portugal with some 400,000 retail and SME banking customers and apart from MBCP is Médis's first banking partner. In October, Médis won the public tender to manage the health system of the Portuguese Post Office Company, CCT. This significant agreement involves the management of the health plan for CCT's 45,000 employees, together with retirees, for the next three years. This takes the total number of customers covered by Médis to over half a million. The deal also represents an important step for Médis as it broadens its market potential beyond the purely private health insurance market.



TURKEY

NAME:
**AKSIGORTA
 NON-LIFE**

**STRATEGIC
 PARTNERSHIP
 WITH SABANCI (36%)**

DISTRIBUTION PARTNER:
AKBANK

990
 AKBANK BRANCHES

69 BROKERS AND
2,000 AGENTS

NO.4 NON-LIFE
 INSURER

700
 EMPLOYEES

**AKSIGORTA DELIVERS FIRST 'AGENCY
 MANAGEMENT IN 21ST CENTURY'
 GRADUATES**

The Agency Management Certificate Programme started in April involving 25 selected agencies across Turkey, of which 17 graduated in November. This training is the most prestigious in Aksigorta's Sales Academy, which was developed with the support of Ageas. The programme consists of five modules - Agency Management, HR, Leadership and Ethics, Finance and Agency Regulations with training provided by experienced trainers from Istanbul Bilgi University. The purpose of this training is to challenge agencies to create a vision reflecting the best way to manage and develop their business in a sustainable way, taking into account the five management modules. The tuition fees for this programme have been donated to the Turkish Education Foundation.

**AKSIGORTA: ALWAYS A (DIGITAL)
 STEP AHEAD**

Aksigorta rolled out a number of initiatives in 2014 to showcase how it is keeping pace with digital evolution. With more than half the Turkish population accessing the internet through a personal device, the development of a mobile optimised version of Aksigorta's website (Mobile Aksigorta.com.tr) was well timed. Users can access product information, coverage details and more through a specially designed and user friendly interface through which leads are generated.

Aksigorta has continued to enhance its presence on social media through Facebook, Twitter and Instagram. A series of mini social media contests have been developed linked to special social events. A Father's Day facebook campaign for instance 'Babam Yanimdayken' (When My Father is with me) attracted more than 15,000 users. And through #WishFrom2015, followers on Twitter and Facebook were invited to write down their wishes for 2015, related to their families but also homes and cars, with three winners selected every week.

LUXEMBOURG

NAME:
**CARDIF LUXEMBOURG
 VIE (CLV)**

LIFE

**STRATEGIC
 PARTNERSHIP
 WITH BGL BNP PARIBAS (33%)
 AND CARDIF (33%+1 SHARE)**

NO.1
 FOS* MARKET

230
 EMPLOYEES

* Free of service



STORIES OF KNOWLEDGE SHARING

WHEN 'ITALY MET BELGIUM' TO INCREASE SALES IN NON-LIFE



WHEN UBI ASSICURAZIONI (UBIA) IN ITALY WAS LOOKING FOR WAYS TO INCREASE THE SALES EFFECTIVENESS OF NON-LIFE PRODUCTS SOLD THROUGH THE BANCASSURANCE CHANNEL IT DID NOT HAVE TO LOOK TOO FAR FOR INSPIRATION OR ASSISTANCE.

And while Ageas understands that insurance is a local business, with every market having its own peculiarities, it was equally clear that with some adaptations along the way, proven sales methods are indeed transferable if the will is there to share experience.

A growth market with further potential for bank channel

Ageas has been present in Italy for the past 5 years through the joint venture UBI Assicurazioni. UBIA is one of the leading Non-Life bancassurance players in the Italian market and most recently Ageas and joint venture partner BNP Paribas Cardif acquired the stake



MARIA ANGELA ALBERTOTTI

previously held by UBI Banca. In closing the deal all parties decided on the further expansion of UBIA's activities in Italy supported by a long term distribution agreement with UBI Banca. The company enjoys the No.1 position in Bancassurance; and has close to a million customers through 1700 branches of UBI Banca. The bank, with its 3 million customers in Retail Banking, is the main distribution channel generating more than 80% of gross written premiums.

Maria Angela Albertotti, head of bank channel at UBI Assicurazioni explains:

“Our efforts to increase sales-effectiveness through the bank channel began back in 2013 when we started to monitor the sales performance for Non-Life insurance products at the level of each bank branch. This knowledge allowed us to differentiate sales support and to focus on those branches, having the highest potential for growth, while offering them tailor-made support in line with their local needs. We sought help from those that had already been through this process.”



Transferring success from Belgium to Italy

Ageas is an expert in sharing knowledge between different companies in the Group and as Belgium faces a similar challenge in the Belgian bank branches of BNP Paribas Fortis, Ageas CE defined two separate tracks in supporting UBI Assicurazioni. **Hans Mensaert**, Ageas CE, brought the SENLI programme (sales effectiveness Non-Life insurance) to UBI Assicurazioni:

“It was very exciting to see that the approach that had been rolled out in a Belgian context could also work in Italy. SENLI makes the difference for branches by increasing visibility of individual branch productivity and by orientating sales support to a targeted group of branches. It is also important that the solution is perfectly well aligned with the local needs and opportunities of each branch.”



Selected elements of the tried and tested SENLI programme were introduced including a performance management approach that focuses on growth per individual branch (sales and cancellations) and on those branches offering the highest challenges and the creation of additional marketing support.

Sales support staff are key players in this approach and so, another track was set up involving Frederic D’Hallewin, strategy manager of AG Insurance in Belgium who brought his experience from Belgium to the Italian bank. An assessment was made of the sales and marketing support at the bank leveraging on the knowledge of Belgium. A global plan was worked out together with the bank’s staff, to enhance support for the sale of insurance products. Branches are now better equipped to take whatever commercial action they need to. Moving forward the plan will evolve to include investment cross selling opportunities. It is all about unlocking growth potential.

Results that speak for themselves

So has the effort been worthwhile? **Paulo Sciarrino**, former Chief Sales Officer of UBIA explains:

“By mid-year productivity of the test case compared to the end of 2012 was up by more than 50% which suggests that the combined approach is a strong driver for continuous growth. The key was customising the solution to fit the Italian market but on the basis of a well proven model.”

But the story does not end there. Why stop at Italy? The SENLI product is now available to all countries in Continental Europe based on needs, priorities and the specific local situation. The word is spreading.

Frederic D’Hallewin had some interesting personal take-aways from the process:

“When you are working on a project outside of your own territory it is very important to build trust early on, and to integrate and become part of the local team. Every situation is different, and it is important to listen and to learn about the local market in situ while adding value by bringing to the discussions proven experience from another market.”

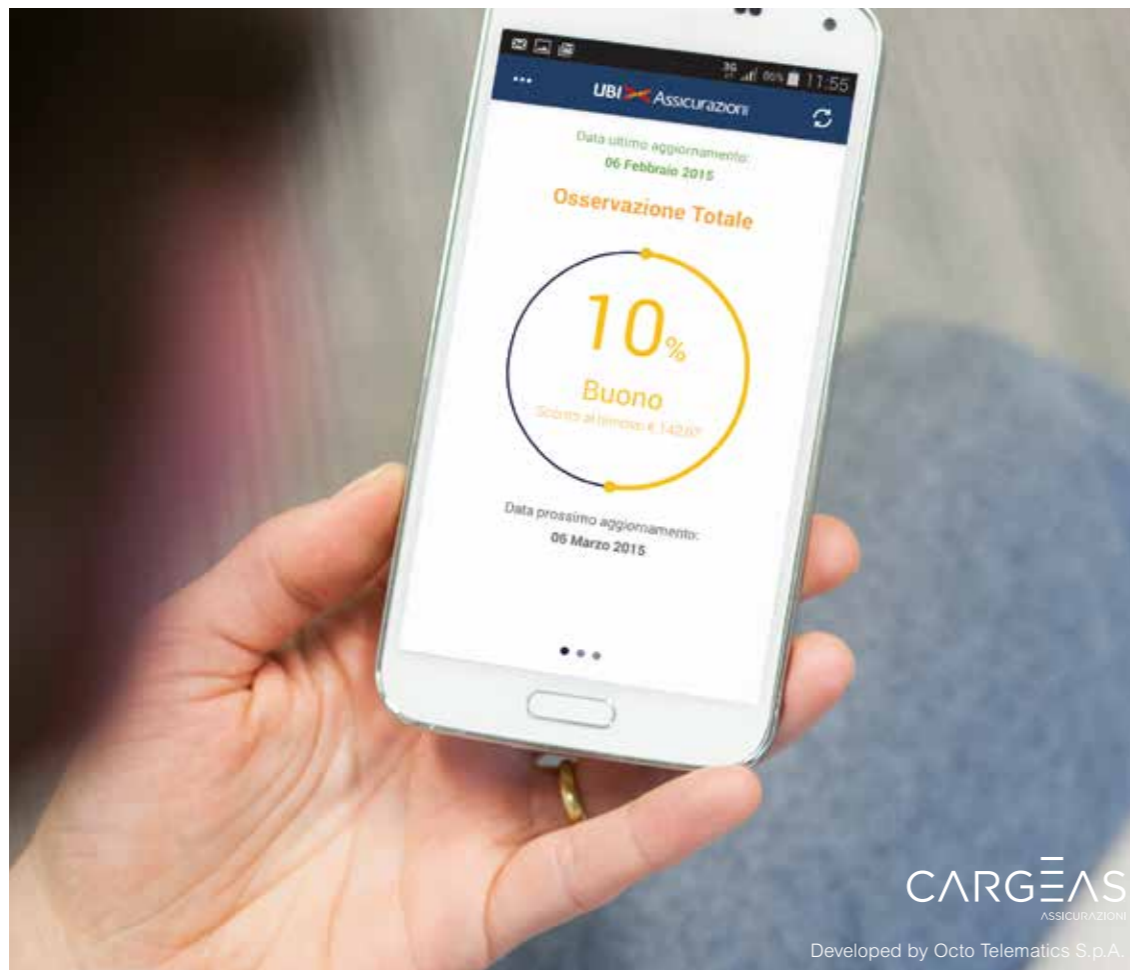


FREDERIC D’HALLEWIN
STRATEGY MANAGER AG INSURANCE

LEVERAGING THE BENEFIT OF MOBILE TECHNOLOGY



TELEMATICS HAS BEEN TALKED ABOUT FOR SOME TIME AND IT HAS BECOME ALMOST 'BUSINESS AS USUAL' IN SOME MARKETS LIKE THE UK. THE BENEFITS ARE CLEAR TO SEE FROM HELPING INSURERS TO BETTER ASSESS RISK BASED ON REAL DATA, TO DEMONSTRABLE IMPROVEMENTS IN ACTUAL DRIVING BEHAVIOUR.



CARGEAS
ASSICURAZIONI
Developed by Octo Telematics S.p.A.



But the list of parties interested in getting in on the act is lengthening every day from technology firms, car manufacturers, telecom operators, and of course insurers. While the pricing benefits are obvious, the opportunity to deliver additional services, such as location based offers, to insurance customers is an important consideration. This type of technology naturally creates touch points with the customer that equate to opportunities to engage.

Growing interest in Europe

Driven by regulation and competitive pressure, UBI Assicurazioni launched a telematics product based on traditional black box technology but with an eye on the potential development of a more innovative and differentiating value proposition on the longer term. In contrast the Portuguese and Turkish markets have been somewhat slower to adopt this technology, mainly due to the different market environment, but there is definitely growing interest and potential for mobile technology solutions.

The markets of Continental Europe however represent a particular challenge and one that requires a rather more innovative approach that goes beyond the traditional black box. With low average motor premiums, and fierce competition for the same customers, the costs associated with telematics technology can be difficult to justify.

Ageas Continental Europe decided to consolidate its experiences from across the region to develop a common 'test and learn' project allowing for experimentation with new technologies embracing the potential to offer additional services.

'Smart' innovations in test phase

After an intensive process of consultation two smart technologies were selected. On October 1st, the Proof of Concept was launched among 115 employees of the entities in Italy, Turkey, and Portugal. Representa-

tives of AG Insurance in Belgium and the regional office in Belgium also joined the project. On a regular basis Ageas UK and UBI Assicurazioni shared their real live commercial experience with the project team and thus enriching the learnings of each of the participating companies.

Final results are still outstanding, but the experience has definitely been a positive one.

Luis Cardoso, project manager in Millenniumbcp, comments:

"Thanks to this test we made a jump in the Group's understanding of how these new telematics technologies work and how users experience them. We now need to translate this into a local context."

In parallel, AG Insurance has also launched a pilot with 96 volunteer employees, testing telematics technology for a specific customer segment. Both pilots are in close contact and are continuously sharing what they learn.

This is only the starting point

Telematics certainly has the potential to shift the role of the insurance company in the eyes of the consumers fundamentally. Not only in a retail setting, but also for the Fleet market with a view to assisting the fleet manager in better managing for instance fuel consumption, maintenance costs and the number of accidents.

But telematics will not as such be the final destination. As technology is evolving at an extremely high pace (connected & autonomous cars, connected homes,...) and with some new upcoming trends such as car sharing, the transformation of traditional motor insurance is inevitable. The experience of the Ageas CE Telematics project is giving us very valuable insights into the potential of new technologies, exploiting data and engaging with customers in a completely new way.

PRICING PROVIDES AN IMPORTANT COMPETITIVE ADVANTAGE



IN THE WORLD OF INSURANCE THE ABILITY TO PRICE ACCURATELY IS FUNDAMENTAL. IT MATTERS FOR THE CUSTOMERS IN SEARCH OF THE RIGHT PRICE, AND IT MATTERS FOR THE INSURER AS IT HELPS STEER THE BUSINESS MIX. AND GETTING IT RIGHT CAN PROVIDE A REAL COMPETITIVE ADVANTAGE.

Thomas Caris, Non-Life risk manager at Ageas Continental Europe, explains:

“These days pricing is gaining in importance, mainly influenced by digitisation, which enable clients to compare prices more easily than in the past. The best performing companies have a strong knowledge of available market data and control over their pricing techniques. Big data - social networks, telematics, banking, etc - will continue to be important in developing new pricing techniques. The pricing seminar was an ideal platform for discussing and sharing knowledge of the topic.”



Some of Ageas's operating companies already have more than a decade of experience in technical pricing while for others the concept is still quite nascent. By connecting experts across the group, new thinking is emerging around the pricing process. This in turn should support the sale of profitable products competitively priced to appeal to those customers most likely to buy and renew.

Using Data to improve product and pricing

To kick off the dialogue, Continental Europe and Asia hosted a Non-Life pricing seminar in Turkey at which underwriters, pricing actuaries and product managers gathered to represent all of the Non-Life entities across the Group. Topics covered the whole pricing cycle ranging from working in multidisciplinary teams to pricing large claims and telematics. But a recurring theme was modelling customer behaviour and price optimisation. In essence, how can we best use the data we have to optimise products taking into account the propensity to buy, the likelihood of renewal, cross and upsell opportunity and profitability?

Turkish initiative already showing results

The importance of 'modelling' was recognised by Aksigorta in Turkey when it looked to improve its position in the highly competitive Turkish 'Motor Own Damage'. Aksigorta is the 4th largest player in the MOD motor market with a market share of some 8.9% but it saw room to grow. It decided therefore to develop the concept of 'Generalised Linear Modelling'. In simple terms GLM enables insurers to make explicit assumptions about insurance data based on a number of different variables. The result: more reliable premiums for each customer segment, and flexibility to increase production volumes or profit margin.

When building the GLM model at Aksigorta there was plenty of experience on hand to ensure smooth imple-



SJOERD SMEETS

Sjoerd Smeets, Head of Non-Life Technical and Underwriting Area at Millenniumbcp, who has been instrumental in the implementation of pricing initiatives said:

“It is about having a long term vision on pricing as a Group, leveraging data and reinvesting what we learn back into the process. Future pricing models will include more risk factors to improve customer segmentation, and as well as internal customer data we will also use external data to ensure we have the full picture.”

mentation even at the pilot stage. Having selected the proper tool/software, the GLM modelling process was built by the pricing team with strong support from both the UK and wider Continental Europe teams both of whom provided continuous support at each stage of concept and implementation.

The pilot has already achieved positive results and in the meantime Aksigorta has been gaining experience, implementing multiple new pricing models.

But more than this, the Group is accumulating vital experience that can be applied to the Ageas pricing model group-wide.

NEWS FROM ASIA

Ageas is active in five markets in Asia with a regional office based in Hong Kong. Ageas Insurance Company (Asia) Limited is a wholly owned subsidiary serving the **Hong Kong** market. The other insurance activities of Ageas in Asia are organised in the form of joint ventures with leading local partners and financial institutions in **China, Malaysia, Thailand** and **India**. Ageas in Asia is active in **Life and Non-Life** depending on the market and operates a **multi-channel** distribution strategy that includes agents, bancassurance, brokers and various forms of direct distribution.



The market environment

Insurers around the world continue to be challenged by the reality of low interest rates, and Asia is no exception. But at the same time economically the region continues to grow at a higher rate than the rest of the world making it an attractive place to do business. But the region is also going through a period of rapid regulatory change with new regulations and accounting standards coming into force, and with regulators using this opportunity to bolster consumer confidence in the insurance industry.

The region is fragmented with each country at a different stage of development and each with its own unique characteristics. Add to this the prevalence of natural catastrophes that occur in the region alongside the political instability in some markets, and Asia is not without its own challenges.

The opportunity

Asia is still a region of opportunity. It is a very large market in terms of population with relatively low insurance penetration rates compared to other parts of the world. The insurance opportunity is being driven by a number of trends not least the emergence of a growing middle class and the impact of an ageing population.

The increased focus on consumer protection is positively affecting the consumer experience in terms of servicing, pricing and product design. And in a market that is dominated by agents, growth through the bank channel for both Life and Non-Life is increasing.

As with other sectors, the growing impact of Big Data and Digitisation has been seen in Asia. Innovative digital

marketing techniques to make face to face channels more effective and efficient will continue to be the way forward and new CRM and data analytic capabilities will continue to provide competitive advantage as insurers look to become increasingly customer-centric.

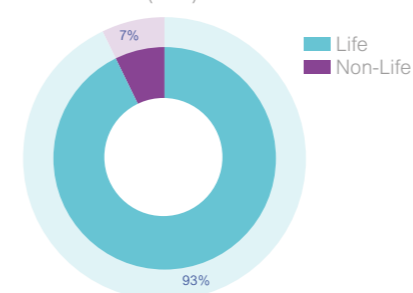
Performance in 2014

Asia reported a marked increase in net profit underpinned by a particularly strong performance in China and Thailand, and supported by new business growth. A record contribution of EUR 11 billion significantly boosted Life inflows at Group level. Inflows in both Life and Non-Life outperformed last year with important growth in regular new business and renewal premiums. The higher inflows reflected successful sales campaigns and continued channel development including a further increase in the number of agents in China. The increase in regular premium sales is the successful outcome of a deliberate reorientation throughout the region. Sales developed well across all main distribution channels with new business premiums in the agency channel growing by more than 30% and in the bank channel by 20%.

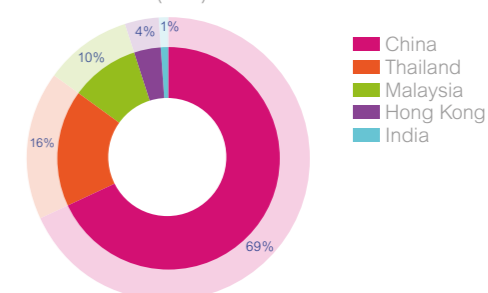
Our focus

Ageas will continue to apply Ageas's core capabilities to selected high growth Asian markets. At the same time Ageas will continue to identify and act on emerging Asian trends that allow the company to grow, including developments in multi-channel distribution, and the need for higher skill levels in financial and risk management, distribution and product development.

GROSS INFLOW BREAKDOWN BY PRODUCT (in %)



GROSS INFLOW BREAKDOWN BY COUNTRY (in %)



Gross Inflows	11.9 billion
Net Profit	172 million
Combined Ratio	89.9%

NEWS FACTS

THAILAND

NAME:
MUANG THAI
LIFE AND MUANG THAI INSURANCE

OWNERSHIP:
31% LIFE IN PARTNERSHIP WITH KASIKORNBANK AND THE LAMSAM FAMILY

15% NON-LIFE

LIFE
NON-LIFE

38,000
AGENTS

860
BRANCHES
KASIKORNBANK

3,315
STAFF

NO.2 LIFE IN NEW BUSINESS
NO.4 NON-LIFE IN GROSS PREMIUMS

ASIAN LIFE INSURANCE COMPANY OF THE YEAR 2014

MUANG THAI LIFE ASSURANCE TAKES THE 'TREBLE'

2014 was undoubtedly the year of Muang Thai Life Assurance! Ageas's Thai joint venture took a great leap forward surpassing its competitors in accolades and awards at both local and regional levels. The highlight of the year was the regional 18th Asia Insurance Industry Awards where Muang Thai Life Assurance was named 'Life Insurance Company of the Year' by the Asia Insurance Review (AIR), beating more than 45 life insurance peers from across the Asia Pacific region who were all competing for this most prestigious industry accolade.

Muang Thai Life Assurance, Ageas's JV partner since 2004 was also named the 'Best Managed Life Insurance Company' in Thailand for the 8th consecutive year and it retained the accolade 'Superbrand Thailand', an honour it has received since 2006. These awards acknowledge Muang Thai Life Assurance as a consistently well managed company with the highest degree of integrity, sound risk management and governance standards alongside strong brand recognition in the local market.

Sara Lamsam, CEO of Muang Thai Life, said:



SARA LAMSAM

"With our core values of 'Passion, Innovation, Responsibility and Integrity' to deliver 'Happiness and Peace of Mind' to our customers, Muang Thai really took the lead in changing the perception and

attitude of the Thai people towards insurance. We are very honoured and proud of these achievements, but we are not complacent. We aim to continue setting new standards and proposals for Thailand's life insurance sector and achieving our aspiration to be the top life insurance company in the country."

Muang Thai Life also received the award for Corporate Social Responsibility at the 17th Asian Insurance Industry Awards.



INDIA

NAME:
IDBI FEDERAL LIFE INSURANCE COMPANY LTD.

OWNERSHIP:
26% IN PARTNERSHIP WITH IDBI BANK AND FEDERAL BANK

LIFE
12,500
AGENTS

2,818
BANK BRANCHES
(IDBI BANK AND FEDERAL BANK)

2,300
STAFF

NO.15
IN NEW BUSINESS

“ 2014 was a strong year for Asia, culminating in Muang Thai Life being named Life Insurer of the Year. And each country contributed to this success based on their specific strengths, ranging from multi-channel distribution capabilities, a strong agency and broker proposition and the capacity to capture cross border flows, to the ability to carve out attractive niche markets. Our businesses in China, Hong Kong, India, Malaysia and Thailand are well positioned for future growth thanks to our leadership positions in key markets and our ability to outperform the market in others. For the future we are well placed to take advantage of the key trends driving business in the Asia region. Our proven track record of success and unique approach to partnerships will continue to open doors to new high growth markets in the region. As we move forward in 2015 we will build further on our past success. ”

Garry Crist, CEO Asia



CHINA

NAME:
TAIPING LIFE INSURANCE CO., LTD.

OWNERSHIP:
24.9% IN PARTNERSHIP WITH CHINA TAIPING INSURANCE HOLDINGS

LIFE
139,988
AGENTS

25,650 BANK (3RD PARTY) BRANCHES

22,687 ↑
STAFF

NO.7
IN GROSS INFLOW





MALAYSIA

NAME:
MAYBANK AGEAS HOLDINGS – OPERATING UNDER THE ETIQA BRAND

OWNERSHIP:
30.95% IN PARTNERSHIP WITH MAYBANK

TAKAFUL LIFE

NON-LIFE

12,500 AGENTS

423 BANK BRANCHES

2,319 STAFF

NO.1 TAKAFUL IN TOTAL CONTRIBUTIONS

NO.5 LIFE IN NEW BUSINESS	NO.3 NON-LIFE IN GROSS PREMIUMS
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TRADE MISSION TO MALAYSIA STRENGTHENS TIES WITH BELGIUM



Ageas and its joint venture partner Maybank played host to the Belgian economic trade mission to Malaysia which was led by HRH Princess Astrid of Belgium along with senior members of the Belgian government.



It was the perfect opportunity for Ageas to showcase Etiqa Takaful and Etiqa Insurance, its joint venture collaboration with Maybank that began in 2001. Etiqa is today a market leader in the Malaysian market as the No.1 in takaful and No.2 overall. This is the third time that Ageas has co-hosted the Belgian economic trade mission following successful events in Turkey in 2012 and Thailand in 2013.



INDUSTRY COMMENDS MARKETING APPROACH OF AGEAS HONG KONG

At the inaugural Hong Kong Insurance Awards organised by the Hong Kong Federation of Insurers Ageas Hong Kong (Ageas HK) was recognised for excellence in marketing, winning two prestigious awards – the ‘Outstanding New Media Marketing Strategies Award’ and the ‘Outstanding Integrated Marketing Strategies Award’. Ageas HK is well known for its innovative marketing strategies, so to be recognised in this competitive environment is particularly significant. Ageas HK is a pioneer in adapting advanced mobile interactive technologies for brand building having created award winning financial planning apps as well as making use of social media and a highly accessible website to engage with customers. In addition the company has title sponsored a number of mega events from golf tournaments, concerts and talk shows. As a result of these efforts Ageas HK brand awareness is on the rise in Hong Kong.



HONG KONG

NAME:
AGEAS INSURANCE COMPANY (ASIA) LTD.

100% OWNED SUBSIDIARY

LIFE
2,862 ↑ TIED AGENTS

385 STAFF

NO.12 IN NEW BUSINESS



10 YEARS OF EXCELLENCE IN THAILAND

2014 marked the 10th anniversary of Ageas’s successful partnership with the KASIKORNBANK and the Muang Thai Group in Thailand. It was marked by a celebration in Bangkok with the senior management team of KASIKORNBANK, the Muang Thai Group, the Ageas Board and Executive and Management Committees

as well as the Belgian Ambassador to Thailand. This landmark anniversary celebrated the achievements of the three parties that came together to build what is today an insurance powerhouse in Thailand. Over the past decade, the Muang Thai group has achieved impressive business results. Muang Thai Life Assu-

rance climbed from the 8th position to a solid No.2 in the market in terms of total premium and it has been No.1 in New Business premium since early 2013, while Muang Thai Insurance has moved up from No.15 in the Non-Life sector to No.4.

STORIES OF KNOWLEDGE SHARING

SHARING 'THE CODE' TO POWER ASIAN DISTRIBUTION CHANNELS

WHEN AGEAS IN HONG KONG WON THE PRESTIGIOUS ICT AWARD FOR THE 'BEST MOBILE APPS' FOR FINANCIAL NEEDS ANALYSIS (FNA) IT WAS A POSITIVE NOD BY THE MARKET THAT THE COMPANY HAD CREATED AN APPLICATION VERY MUCH APPRECIATED BY AGENTS AND WELL RECOGNISED AS A TOOL TO HELP SIMPLIFY COMPLICATED FINANCIAL CONCEPTS FOR CUSTOMERS.

But for Ageas it was something with far more potential. This was an application that could also help boost sales in other markets too. There was a clear opportunity to export the learnings and experience of this project across Asia, so that other operating companies could benefit quickly without needing to reinvent the wheel.

An 'ice-breaker' that drives productivity
This highly animated and interactive application has won praise from customers and agents alike. Customers like the high level of engagement and simplicity in understanding more thoroughly their own personal fi-

nancial situation, and this in turn has enabled them to make decisions on their insurance needs more quickly and on the basis of more complete information.

From the perspective of the sales teams the application is initially a bit of an icebreaker. But more importantly it has enabled a more thorough assessment of the customers' financial situation. Not surprisingly those who used the application in their interactions with customers also registered higher sales productivity.

Based on the success of the application in Hong Kong, Ageas saw the potential to use this type of technology more widely to improve sales effectiveness. It started by purchasing the 'Source Code' rights which permitted it to introduce the application to other operating companies.

Knowledge Sharing reduces time to market

What followed was an energetic round of roadshows and presentations to Agency and Bancassurance units in Malaysia, Thailand, China and Singapore, to share the experience and assess interest in application outside of Hong Kong. Etiqa Malaysia became the first country to sign up and six months later it went live

with the application demonstrating the power of knowledge sharing. Only minimal changes were required to adopt the new application and since that time a Point of Sale toolkit has been rolled out to a pilot group of salespeople from Maybank.

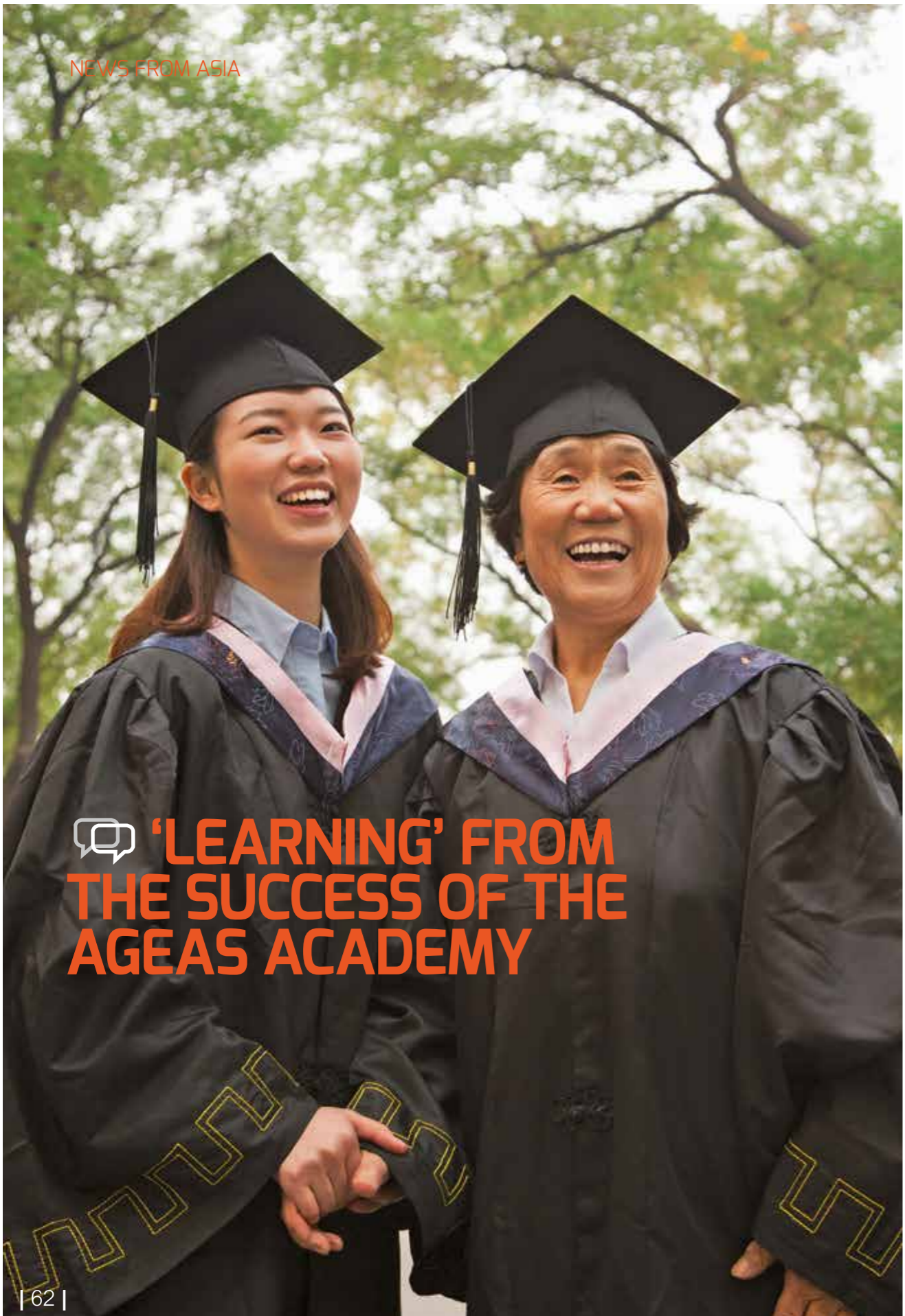
But the story doesn't end there. Etiqa Singapore and China Taiping have also adopted the technology. The latter will incorporate elements of the Financial Needs Analysis (FNA) application into the core system to cater for FNA, quotation, underwriting, and policy fulfilment all on one platform.

The final chapter in this knowledge sharing story was Muang Thai Life in Thailand where the application will be introduced to the agency sales force. Think, Create, Share and Grow epitomises what actually transpired in Asia.



“The ability to share tools and skills from other markets significantly reduces the time it takes for us to come to market with this product even allowing for local adaptations.”





 **'LEARNING' FROM THE SUCCESS OF THE AGEAS ACADEMY**

When the Ageas Academy in Hong Kong was initially established nine years ago its ambition was to provide learning and development activities beyond what was available in a 'traditional' training department. The reality of what happened next however well outstripped that initial ambition.

The industry, professional bodies and the world of academia acknowledge the Ageas Academy as a highly professional training and development institution. Programmes created in-house have been wide-ranging and cost effective, but more than that they have fulfilled the growing learning needs of the organisation and those who represent Ageas in the market. There is also plenty of evidence that the Academy has had a demonstrably positive impact on the company's ability to recruit. The academy has also collaborated with universities and professional institutions to further enhance the learning experience. The unique Master Trainer programme has successfully leveraged and mobilised experienced managers from the agency workforce to act as voluntary trainers in subjects which requires practical field experience and skills needed to develop productive agents and managers.

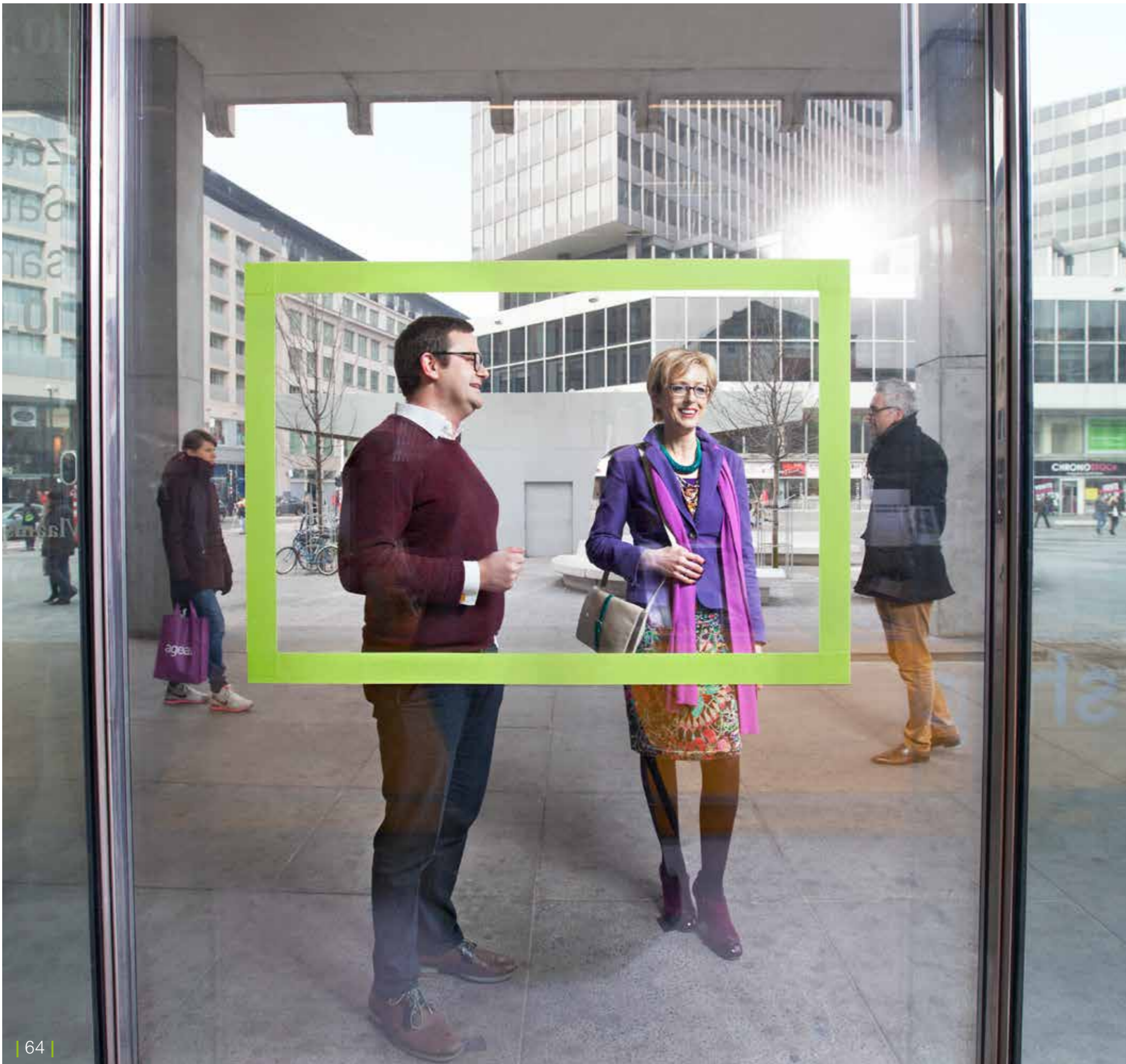
A model that works... spread the word!

The concept and model of a Corporate Academy was also shared and embraced by other joint venture partners from Malaysia, India, Thailand, China and Turkey. The Etiqa Academy in Malaysia and the Academy in Turkey used the Hong Kong experience as a reference point when designing their own academy architecture, organizational and programme structure and administration process. In addition the practical elements of programmes like the Master Trainer Programme were shared including actual curriculum design and supporting materials, enabling countries to be up and running quickly with the need only for translation. Taking what works in one academy and exporting this to other academies is not only a cost effective way to build a learning environment but it also helps reduce unnecessary teething problems and the associated expenses.

“The potential is enormous. And the vision over time is one of aligning the different academies to form an Ageas International Corporate University creating a knowledge sharing platform for Ageas and its partners and a world class learning organisation, allowing Ageas to stay competitive and constantly transform as markets develop.”

Ageas 'University' positions Group in search off talent

The success of such an approach is helped by the solid foundation Ageas already has in place, meaning that any future 'university' is built upon academies which individually have a proven track record of performance and success. The University will enhance the image of Ageas and its Partners particularly in the area of people development, while helping the Group to constantly grow and enhance its performance through important learning and development activities. Since the search for talent is a constant priority for insurers, this kind of initiative leaves Ageas well positioned in the race for the best people.



COMMITTED TO PEOPLE AND SOCIETY

OUR BUSINESS IS FAR MORE THAN A COLLECTION OF INSURANCE PRODUCTS. IT'S ALL ABOUT THE PEOPLE. PEOPLE ARE SINGULARLY OUR GREATEST ASSET. THEY MAKE THE DIFFERENCE. THEY MAKE THINGS HAPPEN.

In the pages that follow we share our approach to attracting, developing, engaging and rewarding our employees. But more than that we elaborate on how we are building a credible employee value proposition that translates into the creation of a strong Ageas Employer brand in the market. And as we focus on 'people' in a broader context we also take a look at what Ageas is doing in the wider community and how it is impacting people's lives every day. Some call it CSR, we like to think of it as Responsible Entrepreneurship.

PEOPLE MAKE THE DIFFERENCE

Eddy Debrulle, Group HR Director:

“In everything we do we try to ensure that HR and the business line are not just aligned but literally joined at the hip. We don’t consider HR to be an adjunct to the business but rather an integral part of the decision making process, always taking actions based on business needs and the strategic direction of the Group.”

AS A BUSINESS AGEAS PRIDES ITSELF ON ITS ABILITY TO WORK IN COLLABORATION WITH DIFFERENT PARTNERS AND COLLEAGUES FROM AROUND THE WORLD. IT TAKES CERTAIN CHARACTERISTICS AND SKILLS TO BE SUCCESSFUL IN THIS CONTEXT AND AGEAS IS FOCUSED ON RECOGNISING AND DEVELOPING THE SPECIAL EXPERTISE AND ATTITUDE THAT ARE NEEDED TO THRIVE IN THIS ENVIRONMENT.

As such, Ageas employees tend to share certain characteristics. They are open-minded; they are flexible and adaptable to change; they communicate transparently; and perhaps most importantly they like collaborating with others and sharing what they know. And while the Group supports the strong empowerment of local teams, there is also an expectation that best practices, wherever they exist in the Group, are captured and shared across different countries and regions. Ageas uses shared knowledge to support future growth and HR plays a vital role in facilitating this.

HR adding value to the business

Ageas has built a strong HR function that is based on **4 key principles** that recognise the need to **attract** skilled people; **develop** people to create competitive advantage; **engage** with employees to achieve organisational performance; and **reward** employees based on a competitive remuneration strategy. And while each of these principles is backed by a specific action plan, they are also intrinsically linked and integrated into a plan designed to leverage the most important asset available to the Group- its people. As a function HR constantly challenges itself to respond to the most important question of all “How can HR add value?” The answer to that question is both by sharing know-

ledge within its own community and by leading a number of key processes, including Group wide talent management, mobility and succession planning for senior management.

2014 was all about ‘Developing People’

In recent years the initial priority was on increasing the number of employees and attracting experts and skilled people to the Group. The search for talent is of course an ongoing challenge for all insurers, but nevertheless the Group can look back on successful recruitment campaigns that have seen a lot of new talent joining the company. 2014 was about turning up the heat on ‘development’. This cuts across all levels of the organisation and across both soft and hard skills including initiatives in people management and leadership skills.

Anticipating and adapting to change

The Group’s Vision 2015 strategy accelerated the need for highly developed skills in partnerships, for portfolio development and regulatory challenges and moving forward the HR function will need to continue to anticipate and adapt to the needs of the business to support its growth. Ageas’s ability to continuously prepare its people for the next evolution will remain business critical.

STORIES OF KNOWLEDGE SHARING

BUILDING A CREDIBLE EMPLOYEE VALUE PROPOSITION

OVER THIS PAST YEAR THE HR FUNCTION HAS ALSO FOCUSED WITH EARNEST ON THE DEVELOPMENT OF AN EMPLOYEE VALUE PROPOSITION (EVP), A NATURAL NEXT STEP IN THE 'ENGAGEMENT' STORY.

The objective is to create a strong Ageas employer brand that recognises Ageas as an international employer while providing leverage to local brands by helping to position Ageas as a 'Glocal' employer. To achieve this, the Group needed to increase brand awareness and reinforce the Group's USP as an employer. In other words to articulate a compelling proposition that reinforces why someone should work for Ageas. The approach was a top down and bottom up process that went Group-wide.

Co-creation in practice

In constructing the EVP, the Group did what it does best – it went into 'co-creation' mode engaging with

people across the organisation. Using the foundation of the Ageas group brand, strategy and values, input from the various operating companies was applied. Country specific workshops were organised across the different Opco's to establish the specifics of the local EVPs. In parallel, leadership interviews were conducted across the different regions and the results of the employee engagement survey were analysed.

In achieving a credible EVP it was important to also engage with the outside world, and with this in mind interviews with external experts were carried out alongside an analysis of the Ageas Brand Tracker results. This was all in all a multi-dimensional exercise



LYN NICHOLLS

Lyn Nicholls, HR Director, Ageas UK:

“To distinguish Ageas it's important to create a strong Ageas employer brand and identity reflecting our strengths and our differentiating characteristics as a Group. This was a challenging and wide ranging exercise but I'm convinced that it has really helped us to define who we are as a global employer.”

that sought to deconstruct the brand and rebuild it on the basis of critical data. That data was collected and analysed and a draft EVP was composed in different steps, resulting in EVP attributes that help articulate Ageas as an employer.

Made by Ageas

Building an employer brand is a long term investment and it demands consistent effort. The EVP is merely the first step but nonetheless a very important one which will influence the way Ageas presents itself to the market, the way it engages with its employees and the way it talks about the Group as an employer. While Ageas included in the exercise important external validation, this is a process that has all the hallmarks of what makes Ageas successful – a rubber stamp that says “We are Ageas”.



THE VALUE AGEAS PLACES ON 'RESPONSIBLE ENTREPRENEURSHIP'

CORPORATE SOCIAL RESPONSIBILITY OR CSR AS IT IS MORE COMMONLY REFERRED TO, IS THE CONCEPT OF GIVING SOMETHING BACK TO THE COMMUNITY AND CONDUCTING BUSINESS IN A SOCIALLY RESPONSIBLE WAY THAT TAKES ACCOUNT OF ALL STAKEHOLDERS. TODAY IT IS PART AND PARCEL OF DOING BUSINESS, AND IN MANY WAYS IT IS A LICENCE TO OPERATE AND INCREASINGLY A PRINCIPLE AGAINST WHICH COMPANIES ARE MEASURED.

But in the Ageas Group we call it something else. For Ageas the term 'Responsible Entrepreneurship' is a more accurate description of what we are trying to achieve and it closely reflects the specific characteristics of Ageas and the values embodied in the Group's strategy.

The principles of Responsible Entrepreneurship are alive and well in Ageas, and this is evident in a broad range of activities across the different regions. These initiatives are about 'doing the right thing' and contributing to the communities in which Ageas operates. It is a natural fit for an insurer. After all 'helping people' is the essence of insurance, and as such it is very much in our genes. And as a Group with a strong ethos of local empowerment, most of these initiatives result from the deep involvement of our local operating companies in the wider community. It's about being part of the fabric of the local community.

Recognising that there was an opportunity to leverage best practice to create more of a group-wide response to Responsible Entrepreneurship, Ageas embarked on a project designed to collate best practices and gain a better understanding of what stakeholders expect of Ageas in this area. Our belief is that Responsible Entrepreneurship is not an adjunct to the strategy but an integral part of who we are. It is an additional strategic lever to create value rather than just mitigating risk. And taking into account the specificities of the insurance sector and Ageas's profile, the Group decided

upon five key areas of focus and engagement: employees, customers, financial assets, the environment and the community.



In the most recent phase of the project Ageas is assessing how Responsible Entrepreneurship can be applied most effectively in the agreed areas, while exploring the potential for additional leverage at Group level to help drive forward group-wide initiatives. And in the spirit of entrepreneurship, we want to help create opportunities for people and businesses to grow and innovate. The ultimate objective is to assess how Ageas can best incorporate societal issues into the company's core business strategy providing benefit to both the company and society as a whole, in other words, creating shared value. And by taking a Group level approach to this important topic greater progress can be made. As we look to the future, Ageas wants to bring Responsible Entrepreneurship to life...the lives of its stakeholders.

NEWS FACTS



AGEAS TAKES ACTION ON ROAD SAFETY

Ageas UK provides insurance cover to more than 3.6 million vehicles every year, as the No.3 insurer in Motor. The company has been at the forefront of efforts to improve road safety through its work with the Road Safety Foundation and its Telematics initiatives.

A natural fit for Ageas

The report provides an insight into the safety of UK road infrastructure, highlighting how crucial road design and construction is in saving lives and preventing accidents. It is also a topic high on the Government's agenda. At the launch of the report at the Houses of Parliament, ministers pledged support for the esta-

Andy Watson, CEO Ageas UK, commented:

"We are very proud to be supporting this report and to be working alongside the Road Safety Foundation. This study includes real recommendations that can be turned into practical actions. As an insurer we are only too well aware of the devastating impact of road accidents and we want to play our part."

No surprise then that Ageas UK chose to sponsor, for the 3rd year, the Road Safety Foundation's 'Roads Risk Mapping' report, and also commissioned the making of a separate 'Road Safety' report.

ishment of a task force to focus on a National Older Driver Strategy.

Andy Watson said: "As one of the leading UK insurers in the over 50's market, this is a segment of the market in which we have considerable experience."



ANDY WATSON



It is all about prevention and improvement through targeted action. Road accidents have a major human and financial cost to the UK. Hospitals record 40,000 serious injuries each year, with 1700 people killed in 2013, devastating the lives of those involved and their families, friends and colleagues.

Young or old – lessons must be learned

There were important recommendations aimed at young drivers too. Against this target Ageas UK is already heavily involved through telematics which can reduce accidents by almost a third.

For Ageas UK this will be an ongoing focus. **Andy Watson**, added:

“The purpose of this report was always about actionable recommendations that could make a difference.”

Amongst the recommendations of the report were a 10 year “towards zero” strategy for road deaths, the concept of Social Impact Bonds to finance new safety programmes, and the introduction of a zero Insurance Premium Tax rate for insured vehicles using telematics technology.

Of course this is more than a UK problem, it is a global one and consequently an issue that Ageas will look to explore more widely in other markets in the future.

FIRST SCHOOL OPENS IN SCHOOLS OF TOMORROW PUBLIC-PRIVATE PARTNERSHIP

When Ageas, through its subsidiary company AG Real Estate, decided to invest in the ‘Scholen van Morgen’ (Schools of Tomorrow) project it did so knowing that this was an excellent investment opportunity. But having the opportunity at the same time to make a positive impact on the local community and the next generation was an added bonus. Ageas is playing a leading role alongside the

Flemish government and BNP Paribas Fortis in an initiative to design, build and provide the maintenance of 165 schools in the Flanders region of Belgium. To manage this project AG Real Estate recruited a team of 60 young, enthusiastic people. The first school went live in 2014, with a further 164 to follow. And with two sites starting up every week, the programme has real momentum.

ADAPTING WORK PRACTICES TO INCREASE ‘FLEXIBILITY’

AG Insurance is frequently cited as a top employer not least because of its commitment to creating the right environment for its employees to facilitate the best service to its clients. The introduction of FlexiWork is part of that process. Employees are given the opportunity to work remotely or from home for 1-2 days a week and for those choosing this option the appropriate materials and tools are provided to make this effective. This flexible attitude to work extends to the Brussels head office where employees have no fixed desk; rather they choose where to work every day based on their programme for that day. The good news is that it works. And 90% of AG Insurance’s 4000 employees are able to take advantage of it.

MÉDIS ADOPTS A ‘HEALTHY’ OPTION

Amongst of Millenniumbcp’s various CSR initiatives, one by Médis deserves special attention. Médis joined forces with APCOI (Portuguese Association against Child Obesity) in a very special project – ‘The Fruit Heroes’. This programme aims to promote healthy eating habits in schools. Children are encouraged to eat fruit on a daily basis, and to record it on a classroom chart. The good news is that 70,000 children chose the healthy option by enrolling for the scheme. Indirectly the programme also reaches parents who will be more inclined to extend the use of fruit and vegetables to other meals.



AKSIGORTA RECOGNISED FOR ‘KEEP LIVING TURKEY’ PROJECT

Earthquakes are a reality that the citizens of Turkey face on a regular basis. Understanding how to protect oneself in the event of a natural disaster can mean the difference between life and death. ‘Keep Living Turkey’ was a project launched in 2010 by Aksigorta in conjunction with AKUT (Search and Rescue Association) – Turkey’s most trusted organisation in its field. The project completed its fifth and final phase in the past few months.

Since its launch in 2010 more than 5.4 million people from 52 provinces and 174 districts have been educated on the best ways to protect themselves against natural disasters. These people include students, representatives of official institutions, municipality workers, teachers, firemen, SME employees and other Turkish citizens.

In 2014 Aksigorta won the Golden Award in the International category of the International CSR Excellence Awards for this project. It had previously received the Golden Compass Public Relations Awards in 2012; the prestigious Gold SABRE award last year, and the Bronze Stevie award at the Stevie 2013 International Business Awards – all recognizing excellence in the field of CSR.

AG INSURANCE FIRST AID COLLABORATION WITH RED CROSS

If you thought crossing the road was dangerous, think again. Apparently in Europe you are three times more likely to be injured during exercise than in a road accident and 2.5 times more likely to have an accident whilst at school. That reality was the incentive for AG Insurance’s decision to support the Red Cross in both the Dutch and French speaking parts of Belgium in an initiative designed to intensify first aid courses in schools and sports arenas thereby reducing the impact of accidents. This five year youth programme will see a doubling of first aid courses in sports clubs with more than 3,500 people first aid trained and a five-fold increase in the number of teachers trained. But the impact goes beyond this. Those teachers trained as part of the schools programme are then qualified to potentially pass on their knowledge to some 60,000 other young people over the next five years. Prevention and safety are part of an insurer’s DNA, and AG Insurance believes that better education in this area will result in lives being saved.





A COMMITMENT TO SOCIAL RESPONSIBILITY IN ASIA

In every country in which Ageas is present there is a strong commitment to being good corporate citizens and contributing to society where help is needed most. Asia is no exception.

Hong Kong has a history of supporting different causes and this has taken many forms in the past year. For instance, what do you do when the CEO asks you to take up the global ALS ice bucket challenge? Staff at Ageas in Hong Kong had no hesitation, accepting the challenge and dousing themselves in icy water, all for a good cause! As sponsors of 'The Families of S.M.A Charitable Trust', Ageas in Hong Kong also supports the families of children who suffer from the debilitating disease Spinal Muscular Atrophy. And the business also participates in 'Oxfam Trailwalker', raising funds to help alleviate poverty and to emergency relief projects in Africa and Asia.

In China, joint venture partner Tai Ping Life launched the 'Bridges' initiative to improve literacy in rural China. And in Malaysia, Etiqa reinforced its brand focus of humanising insurance by developing a CSR approach aimed at helping people prepare for life and its challenges with a special focus on youth, women and the environment.

In Thailand the Muang Thai Group has immersed itself in the local community, once again organising the

Community Development Volunteer Camp. A team of volunteers travel to some of the remotest parts of the country to help develop community enterprises and the concept of sustainability. In 2014 Muang Thai Life (MTL) helped protect and develop the art and culture of local cloth weaving in Chiang Rai Province while promoting the sustainable use of raw materials. As a consequence the community has become self-reliant for the long term. For Muang Thai it's all about bringing joy and laughter to every sector and corner of society, and nowhere is this more evident than through the company's 'I Love Muang Thai' initiative which supports a range of activities geared towards children, women, youth, those less fortunate, the disabled, and the environment.

For Ageas and its partners, being part of the fabric of the community is important, and this is a responsibility that it takes very seriously.



OUR SHARE

CONNECTING WITH THE INVESTMENT COMMUNITY

Ageas engages in an open dialogue with the Investment Community, providing all members with the same information at the same time.

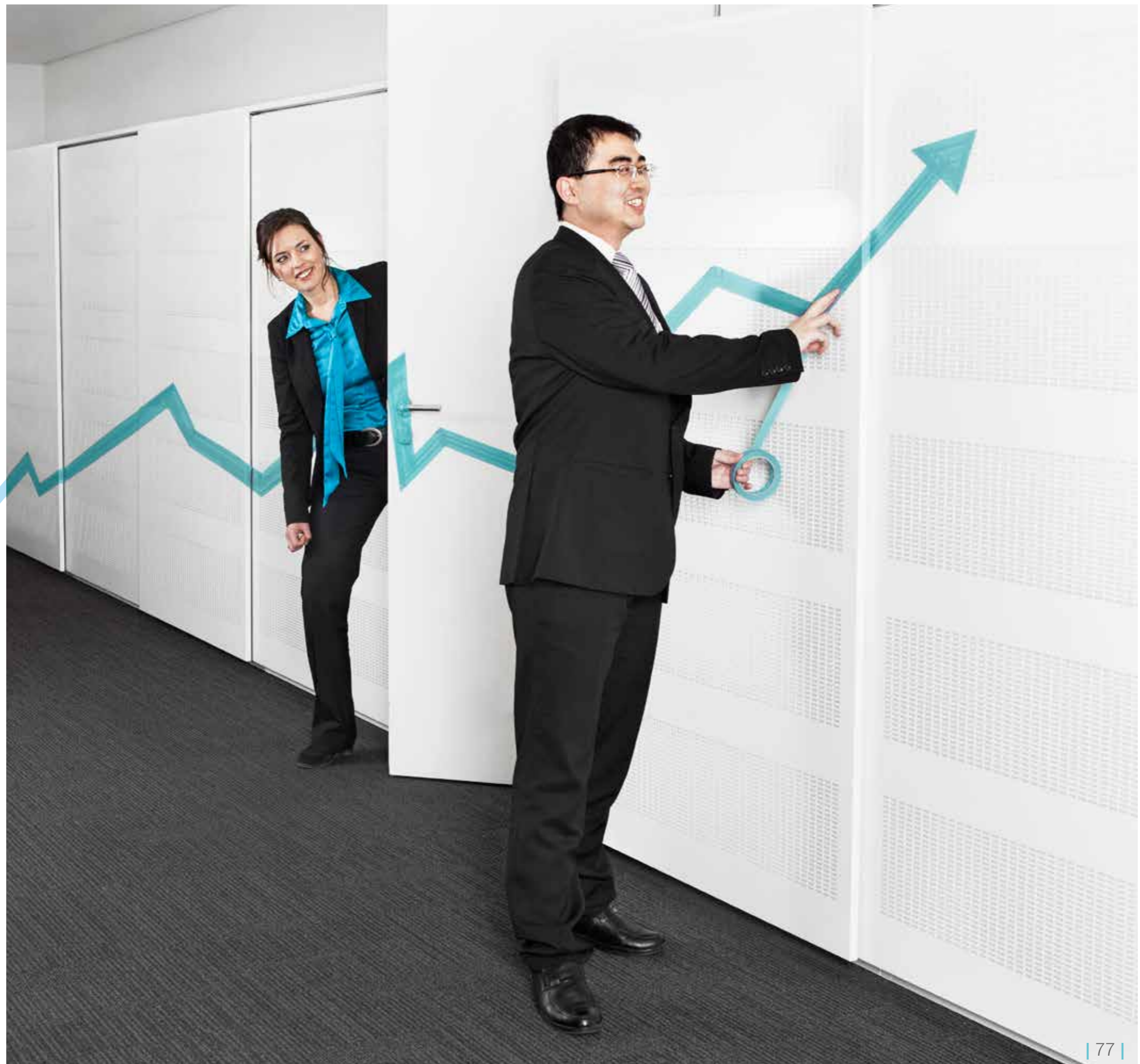
To facilitate this Ageas regularly meets with financial analysts, and institutional and retail investors to provide greater insights into Ageas's strategy and operational performance.

The company is also represented at retail investor fairs in Belgium and plays host to individual shareholders at the various Ageas Club events organised throughout the year.

With a view to full transparency, all information disclosed during these events is made available on Ageas's website.

KEEP UP TO DATE.
JOIN THE AGEAS CLUB

ageas club



FINANCIAL SHARE DATA (CONSOLIDATED FIGURES)	2014	2013	2012
Number of outstanding shares	230,996,192	233,486,113	243,121,272
Earnings per share (EUR)	2.13	2.49	3.13
Gross cash dividend per share (EUR)	1.55	1.40	1.20
Book value per share (EUR)	46.60	37.65	42.75
Market Capitalisation (in EUR billion)	6.8	7.2	5.4

SHARE PERFORMANCE IN 2014

As we look back on 2014, it would be fair to say that it was a year of highs and lows in the global equity markets. It was also a year of ups and downs in the Ageas share price, as can be seen from the share evolution graph. The graph helps illustrate and clarify some of the key triggers behind those highs and lows. What soon becomes apparent is that the most significant declines over this past year have been intrinsically linked to legal legacies, and therefore events beyond our control.

For the year our total shareholders return including dividend was flat compared to the previous year. This means in simple terms if you chose to invest in our shares at the beginning of the year you would have neither lost nor gained on that investment.

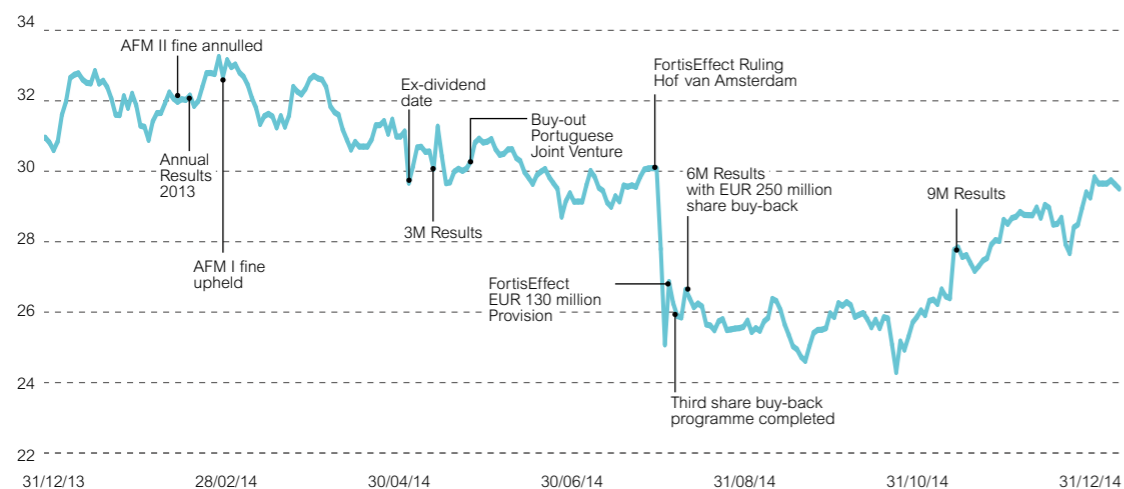
In studying the evolution of the share performance however it is important to take a somewhat broader perspective as most of our investors are holders of

stock for the long term. We began the year coming off the record highs of 2013 which saw a total return of some 50.59%. And prior to that in 2012 the total return was a remarkable 96.9%. So despite ending flat at the end of 2014 compared to the previous year's close, investors can feel quite satisfied with that result when considering it over a slightly longer period.

Overall the markets continued to deliver a very mixed picture. While many of the emerging markets in Asia continued to perform strongly, the Euro STOXX 50 closed up just 1% over the course of the year, with concerns about Europe continuing into 2015. And while the global insurance sector saw a return of 9.78%, other financial services companies fared less well, with banks for instance ending in negative territory.

In looking at how Ageas shares performed in 2014 it is easy to spot the announcements that the market liked and those it did not. The market responded very well overall to our financial results and the positive initiatives

AGEAS SHARE PRICE EVOLUTION OVER 2014



taken to grow the business. In contrast the stock lows can be attributed in the main to the legal legacies which in July resulted in a provision of some EUR 130 million and a 12.75% drop in the share price in just one week.

On the positive side, Ageas paid out a dividend 17% higher than the year before, and Ageas launched a new EUR 250 million share buy-back, the fourth consecutive one in as many years, giving renewed confidence to investors. At the same time Ageas posted a solid first half performance ahead of consensus despite the negative impact of storms and floods.

End of September, Ageas provided investors with further commentary on its progress towards Vision 2015 providing at the same time an update on litigation issues with some useful context.

From a market low mid-October, shares continued to rise beyond by a strong set of 9m results which again exceeded expectations resulting in a 5.19% one day climb based on 1.1 million shares being traded, twice the normal daily average.

Looking back 2014 turned out to be an interesting and exciting trading year with both ups and down, but one that ended with the share price rising and trading at levels closer to EUR 30.

ANALYST COVERAGE

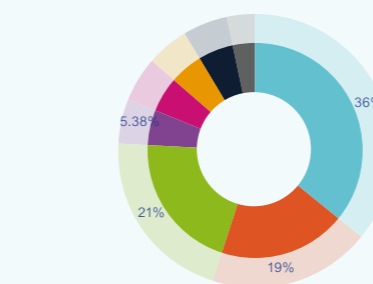
At the end of 2014, the Ageas share was covered by 18 analysts, 17 of whom gave a positive or neutral rating. More details can be found on the company website at <https://www.ageas.com/en/investors/analyst-coverage>

SHAREHOLDER STRUCTURE

The Shareholder base of Ageas is well balanced and well diversified in terms of geographic split and shareholder composition with the majority of shares held by institutional investors spread across the ma-

ior markets of US, UK and the rest of the world. Retail shareholders also represent a significant proportion of the total with the majority of these residing in Ageas's home market of Belgium.

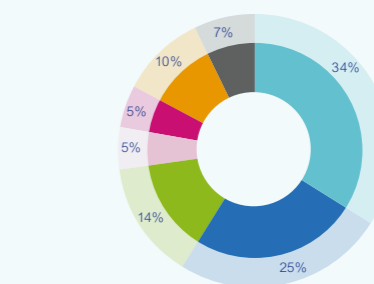
DISTRIBUTION BY INVESTOR TYPE (in %)



- Identified institutional investors
- Identified retail investors
- Other investors
- Ageas
- Ping An
- BlackRock, Inc.
- Schroders
- Franklin Mutual Advisers

Based on number of shares outstanding and on last notifications received; for "Identified retail" and "Identified institutional" investors, estimated by NasdaqOMX

INSTITUTIONAL INVESTORS BY GEOGRAPHY (in %)



- United Kingdom
- United States
- Belgium
- Netherlands
- France
- Rest of Europe
- Rest of the world

Estimated by NasdaqOMX

FINANCIAL DATA

INCOME STATEMENT (in EUR million)	2014	2013	2012	2011	2010
Gross inflow (at 100%)	25,781.3	23,220.4	21,269.3	17,220.0	17,943.0
Gross inflow (Ageas 's part)	12,463.9	11,698.1	11,244.6	9,721.7	10,223.4
Group net profit	475.6	569.5	743.0	(578.2)	223.1
- of which Insurance	736.8	654.2	624.4	(313.1)	391.3
- of which General Account (incl. Eliminations)	(261.2)	(84.7)	118.6	(265.1)	(168.2)

STATEMENT OF FINANCIAL POSITION (in EUR million)	2014	2013	2012	2011	2010
Total assets	103,559.0	94,782.6	97,085.7	90,579.3	99,166.7
Life Technical Insurance liabilities	74,818.4	69,225.5	68,782.0	64,395.7	72,683.1
Shareholders' equity	10,223.3	8,525.1	9,799.4	7,682.8	8,421.7

SHARE INFORMATION (in EUR)	2014	2013	2012	2011	2010
Earnings per share	2.13	2.49	3.13	(2.27)	0.90
Gross cash dividend per share	1.55	1.40	1.20	0.80	0.80
Share price at 31 December	29.51	30.95	22.22	12.00	17.40
Return on equity (Insurance) ⁽¹⁾	8.8%	8.3%	8.7%	(5.3%)	6.9%
Number of outstanding shares (in millions)	219.4	226.4	231.8	240.6	258.3

OTHER DATA	2014	2013	2012	2011	2010
Combined ratio	99.6%	98.3%	99.1%	100.1%	106.0%
Solvency ratio Insurance	205.5%	207.1%	203.8%	207.0%	232.0%
Solvency ratio Group	209.8%	214.2%	228.6%	236.9%	281.9%
Employees (FTE)	12,204	12,570	13,335	12,557	11,707

⁽¹⁾ Based on an annualised net result divided by the average shareholders' equity of January 1st and December 31st