

Ageas SA/NV

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Anchor	a+	+	Modifiers	0	=	SACP	a+	
	▲			▲		+		
Business Risk	Strong					Support	0	A+ / Stable / --
Competitive position	Strong		Governance	Neutral				Financial strength rating
IICRA	Intermediate							
Financial Risk	Very Strong							
Capital and earnings	Very strong		Liquidity	Exceptional		Group support	0	A+ / Stable / A-1+
Risk exposure	Moderately low							Holding company ICR
Funding structure	Neutral		Comparable ratings analysis	0		Government support	0	

IICRA--Insurance Industry And Country Risk Assessment.
SACP--Stand-alone credit profile.

Credit Highlights

Overview	
Key strengths	Key risks
Leading position in Belgium and strong presence in 14 European and Asian countries through joint ventures and partnerships.	Limited operational control over Asian joint ventures.
Capitalization expected to remain above 99.95% as per our risk-based capital model.	Faster growth in emerging markets, which face evolving regulations and more volatile capital markets.
Solid earnings at group level despite geopolitical risk and sequential slowdown in China.	

S&P Global Ratings expects Ageas to remain the leading insurer in Belgium, with earnings diversification notably from Asian joint ventures and reinsurance. Ageas' leadership in both Belgium life insurance and property/casualty (P/C) insurance, along with a significant presence in the U.K. and Portugal, supports organic growth. We expect Ageas' earnings contribution from Asian joint ventures will continue thanks to significant customer loyalty and persistently healthy business in China. Asia provides opportunities due to low insurance penetration and increasing income levels.

Strong operating performance adds to Ageas' ability to generate capital. Ageas generated solid earnings across all major markets in the first half of 2024, owing to favorable pricing, low climate-related claims and an increase in investment income. In the first half of 2024, Ageas reported a 21% increase in net income to €642 million. This demonstrates the group's diversified earnings, defensive investment portfolio, and limited asset-liability mismatches.

The combination of a strong business risk profile and a very strong financial risk profile leads to a split anchor of 'a/a+'. We select the higher anchor of 'a+' to reflect our view of the group's sustainably high capital adequacy buffer, at 99.95%, as well as a robust business risk profile due to geographic diversification and the long-term nature of the bancassurance agreements with distribution partners.

Outlook: Stable

The stable outlook reflects our view that Ageas will maintain resilient earnings. We also expect Ageas will maintain very strong capitalization, including S&P Global Ratings capital adequacy above a 99.95% confidence level.

Downside scenario

We regard a downgrade as unlikely over the next 12-24 months, but this could happen if:

- The group's capital adequacy falls for a prolonged period below the very strong level in our capital model, as result of either more aggressive capital management than we anticipate, or substantial additional risk-taking; or
- Contrary to our base-case assumptions, operating performance weakens to materially below that of domestic or international peers, reflected by a sharp deterioration in return on equity or the non-life combined ratio.

Upside scenario

We view an upgrade as unlikely over the next 12-24 months in light of Ageas' less diversified business position than higher rated peers, as well as the structural constraints on its business prospects from minority equity positions in its Asian joint ventures.

Key Assumptions

- Eurozone growth moderating to 0.8% and 1.3% in 2024 and 2025, respectively.
- Inflation in the eurozone dropping to 2.5% in 2024 and 2.1% in 2025.
- Growth in China of 4.6% in 2024 and 4.3% in 2025.
- Policy rates in China of 2.2% in 2024-2025.

Ageas SA/NV--Key metrics

	2025f	2024f	2023a	2022a	2021a
Insurance revenue	>6,500	>6,500	6,437	N.P.	N.P.
EBITDA	>1,500	>1,500	1,814	1,723	1,487
Net income (attributable to shareholders)	>1,000	>1,000	1,177	1,223	1,016
S&P Global Ratings capital adequacy	99.95%	99.95%	99.95%	AA	AAA
Return on shareholder's equity (%)	>10	>10	14.3	N.A.	7.3
EBITDA fixed-charge coverage (x)	>10	>10	>7.9	>13.1	>12.3
Financial leverage including pension deficit as debt (%)	<33	<33	31.5	30	22.2
P/C: Net combined ratio (%)	<100	<100	97.3	97.6	96.6
Return on assets (%)	>1.0	>1.0	1.7	1.6	1.2
Financial obligations/EBITDA (x)	>2.0	>2.0	2.2	2.1	2.7

Note: Ratios result from S&P Global Ratings own calculations. f--S&P Global Ratings forecast. a--Actual. N.P.--Not previously published. N.A.--Not available. P/C--Property/casualty.

Business Risk Profile: Strong

Diversified in Europe and Asia with strong positions in several markets

Domiciled in Belgium, Ageas is a leading multiline insurance group with a presence in 14 countries across Europe and Asia through wholly owned subsidiaries and partnerships outside traditional alliances. Ageas' key competitive strengths are its diversified earnings base and distribution capabilities.

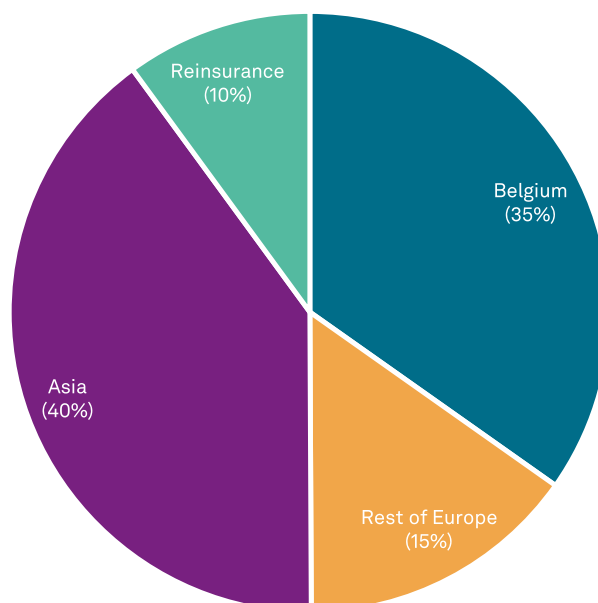
Ageas is the leader in life insurance in Belgium with a market share of about 29%, compared with a combined 30% market share for the next three top players in the country. Ageas also holds the number one position in the country's non-life market, with 17%. The Belgian business is a key earnings contributor in Europe as well as for the overall group.

The group has also built good positions in the U.K. in P/C, with Ageas' U.K. subsidiary, Ageas Insurance Ltd. (AIL), mainly focusing on retail motor and household lines. Ageas also has a strong presence in Portugal, ranking number two in life and number three in non-life.

Ageas is diversified in Asia through major joint ventures with large local financial institutions. It has well-established operations in China, Malaysia, and Thailand and has increased its presence in Türkiye as well as in India, where the group now owns a controlling stake in its local business. Ageas also recently announced its acquisition of a 10% stake in China Taiping Insurance Holdings (CTIH) subsidiary Taiping Pension Co., Ltd (TPP) to tap into China's pension business, subject to regulatory approval. The transaction is expected to close in the first quarter of 2025.

Chart 1**Ageas' operating earnings are diversified across Europe and Asia**

As of June 30, 2024



Source: S&P Global Ratings.

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Since September 2022, Ageas Re has been reinsuring third parties -- mainly businesses in European markets insuring property and natural catastrophes. This new business is in addition to existing intra-group-accepted reinsurance that has been in place for several years. Reinsurance currently contributes close to 10% of group net earnings.

In our view, Ageas continues to demonstrate diversified operating earnings and has a track record of improving combined ratios. In the first half of 2024, Ageas group reported a combined ratio of 94.1% and net income of €642 million, compared with a combined ratio of 93.3% and net income of €531 million for the same period in 2023. Insurance operations across all segments reported strong underwriting performance owing to favorable tariff momentum, growth in new business and no significant climate-related claims. We expect net earnings of over €1 billion per year on average for 2024-2025.

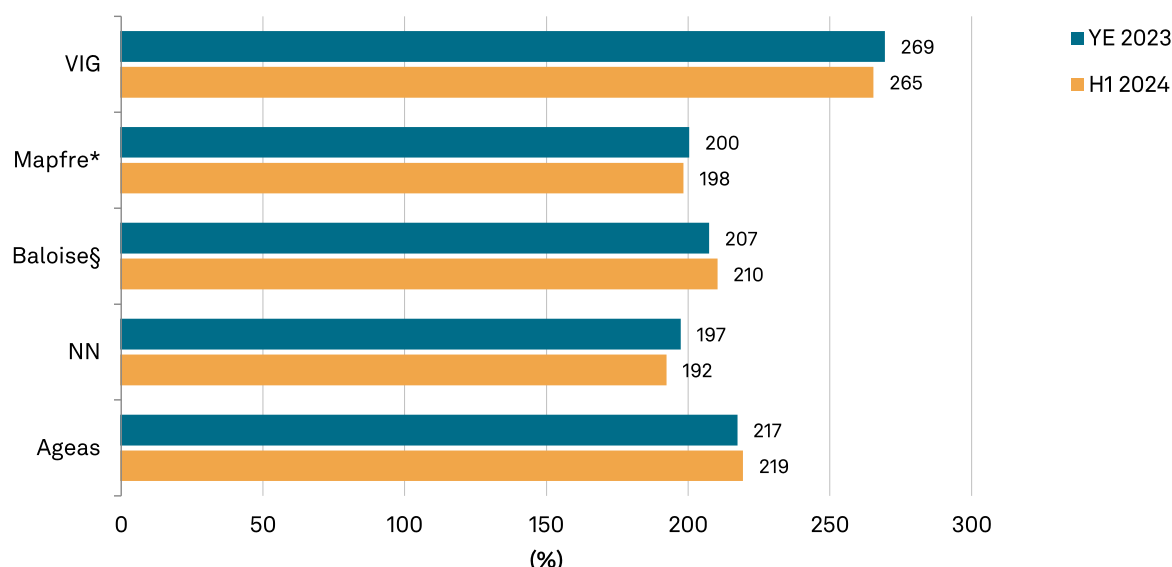
Financial Risk Profile: Very Strong

In our view, Ageas retains a solid balance sheet and robust earnings, while its prudent investment and asset liability management are complemented by strong capitalization. At year-end 2023, Ageas' capitalization was above the 99.95% capital adequacy threshold of our risk-based capital model. We also anticipate the company will strategically

balance its capital management and earnings growth to maintain its capital adequacy and a sufficient capital buffer above our 99.95% level through 2025. In addition, Ageas reported a strong Pillar II solvency II ratio of 217% as of Dec. 31, 2023 (209% using the standard formula). At June 30, 2024, the Pillar II ratio was slightly up at 219%.

Chart 2

Ageas has a solid regulatory solvency ratio versus peers Solvency II ratio



*H1 2024 numbers are as of March 31, 2024. \$Swiss solvency test (SST) ratio. Source: S&P Global Ratings.

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We believe declining but relatively higher interest rates will be beneficial for Ageas' Belgian life insurance business and will lead to higher margins on its guaranteed business. Despite low interest rates and slow growth prospects in China, we expect Asian joint ventures will continue to contribute meaningfully to group earnings in 2024-2025 due to higher persistent rates and growth opportunity in Asia. With a strong market position and earnings from Belgium and other European entities, we expect net earnings of over €1.0 billion per year on average for 2024-2025 with a return on equity of more than 8%.

We believe that potential risks not captured in our assessment of Ageas' capital are limited. Investment-grade fixed-income assets, displaying an average credit quality of 'AA', make up the bulk of its investments. We view Ageas' exposure to equities and real estate, which have higher risk than bonds, to be well managed. Riskier investments in equities, real estate, and loans account for less than 20% of total invested assets, while we assess that there is no risky concentration on single sectors or obligors.

We also consider that the higher guaranteed-rate portfolio in Belgium is declining and balanced with close asset-liability-duration matching. In our view, this limited asset-liability-management risk is also supported by the surrender rules and fiscal incentives on Belgian life policies, which discourage policyholders from early redemption.

Ageas has amply demonstrated its recurrent capacity to tap the debt markets, and we anticipate it will continue to comfortably cover financial interest costs by more than 8x.

Other Key Credit Considerations

Governance

Our assessment of Ageas's management and governance practices reflects our generally positive opinion of the group's strategic positioning, financial management, and organizational effectiveness.

Liquidity

Our assessment of Ageas' liquidity as exceptional reflects the insurer's liquid investment portfolio, despite material amounts of nonliquid assets, mainly mortgages.

Factors specific to the holding company

We rate Ageas SA/NV in line with the group credit profile. Operating holding company Ageas SA/NV is predominantly a captive reinsurer, which offers internal diversification benefits and enhances the group's reinsurance and wider capital efficiency. The rating also reflects liquid assets exceeding €1 billion at the holding company level.

ESG factors have no material influence on the credit ratings of Ageas Group.

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Ageas' Possible Partnership Is Unlikely To Impair Credit Quality, Oct. 15, 2024
- Ageas' Potential Acquisition Of Direct Line Insurance Group Could Rebalance Its Credit Profile, Feb. 29, 2024
- Belgium-Based Insurer Ageas SA/NV 'A+' Ratings Affirmed Following Revised Capital Model Criteria; Outlook Remains Stable, Dec. 7, 2023
- Ageas SA/NV's French Life Insurance Divestment Will Positively Affect Solvency, April 25, 2023

Business And Financial Risk Matrix

Business risk profile	Financial risk profile							
	Excellent	Very Strong	Strong	Satisfactory	Fair	Marginal	Weak	Vulnerable
Excellent	aa+	aa	aa-	a+	a-	bbb	bb+	b+
Very Strong	aa	aa/aa-	aa-/a+	a+/a	a-/bbb+	bbb/bbb-	bb+/bb	b+
Strong	aa-/a+	a+/a	a/a-	a-/bbb+	bbb+/bbb	bbb-/bb+	bb/bb-	b+/b
Satisfactory	a	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bb+/bb	bb-/b+	b/b-
Fair	a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb/bb-	b+/b	b-
Weak	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b/b-	b-
Vulnerable	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b+/b	b/b-	b-	b-

Note: Where table indicates two possible outcomes, we determine the anchor as follows: For financial risk profiles that we assess as satisfactory or stronger, we consider the relative strength of both the business risk and financial risk profiles within the cell. This is based on a holistic assessment of the relative strengths of the rating factors of the business risk profile and financial risk profile. For financial risk profiles that we assess as fair or weaker, we typically place more weight on the relative strength of the rating factors of the financial risk profile.

Ratings Detail (As Of November 7, 2024)*

Ageas SA/NV

Financial Strength Rating

Local Currency

A+/Stable/--

Issuer Credit Rating

A+/Stable/A-1+

Junior Subordinated

A-

Junior Subordinated

BBB+

Subordinated

A-

Related Entities

Ageas Insurance Ltd.

Financial Strength Rating

Local Currency

A+/Stable/--

Issuer Credit Rating

Local Currency

A+/Stable/--

AG Insurance

Financial Strength Rating

Local Currency

A+/Stable/--

Issuer Credit Rating

A+/Stable/--

Junior Subordinated

A-

Domicile

Belgium

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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