

Benelux Insurance: the next phase

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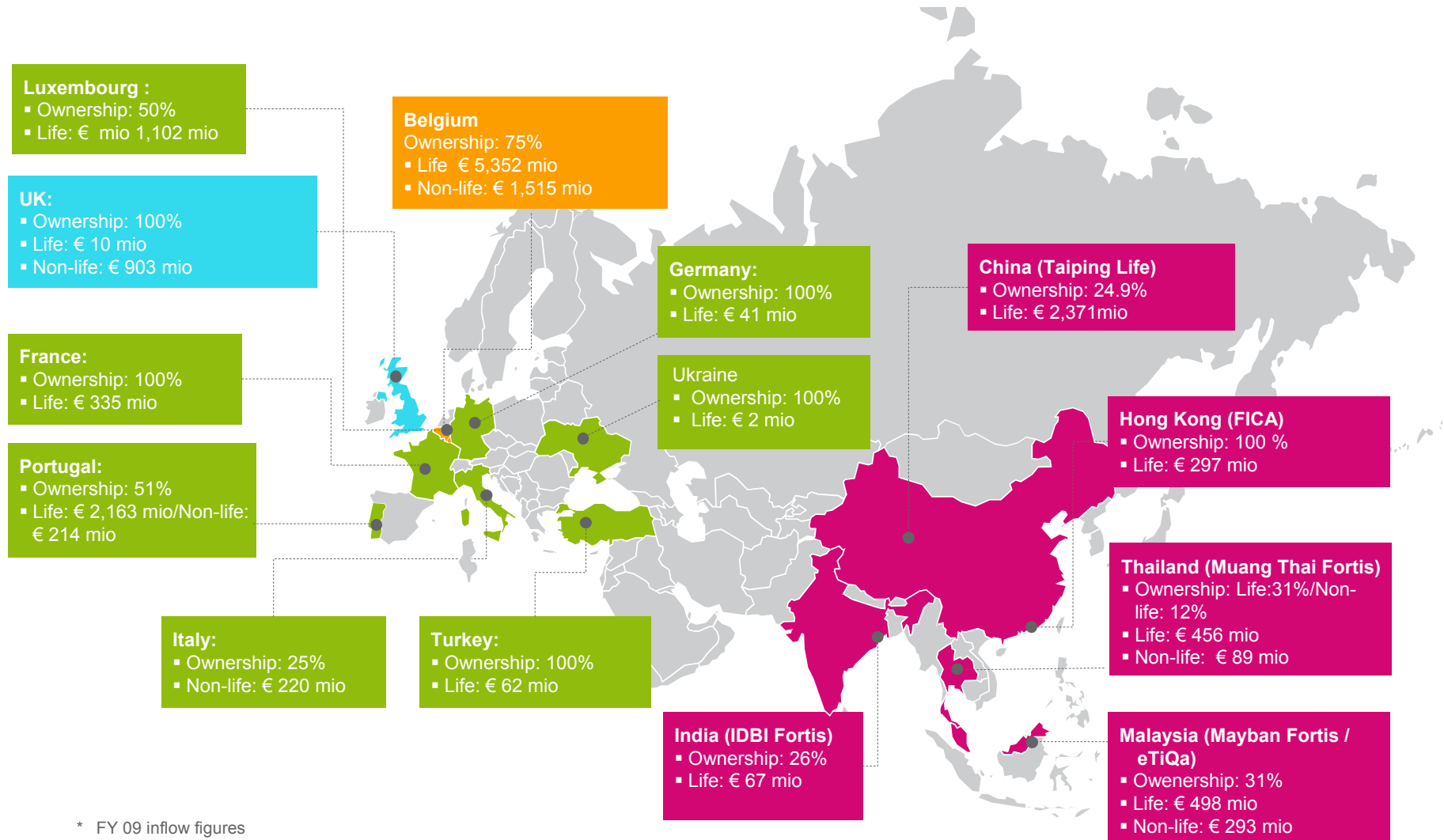
Q1 2010	Belgium	UK	Cont Europe	Asia**	Insurance	General	Total
Gross inflow (EUR mio)	1,798	265	1,129	1,809	5,001	n.a.	5,001
Life	1,315	5	1,009	1,700	4,029		4,029
Non-Life	483	260	119	109	971		972
Net profit (EUR mio)	64	(2)	11	12	85	(294)	(209)
Total capital (EUR bn)	4.1	0.5	1.3	0.5	6.4	2.1	8.6
Embedded value* (EUR mio) (end '09)	3,638	-	-	1,260	4,898	n.a.	4,898
Life Funds under Management (EUR bn)	46.5	-	22.4	13.8**	82.7	n.a.	82.7

* Embedded Value only includes Consolidated Life operations, i.e. no value included for Non-Life operations and non-consolidated partnerships 2009 figures were still reported on Fortis Insurance International level, grouping Continental Europe and Asia

** Life Funds under management Asia include partnerships; FUM Hong Kong amount to EUR 1.24 bn

Our key markets*

Europe and Asia



* FY 09 inflow figures

- Very well balanced insurance portfolio with Life and Non-life, mature and growth markets
- Very strong position in Belgium
- Strong partnerships in key markets with leading partners
- Pro-active management of investment portfolio
- Strong capital base



Our business priorities

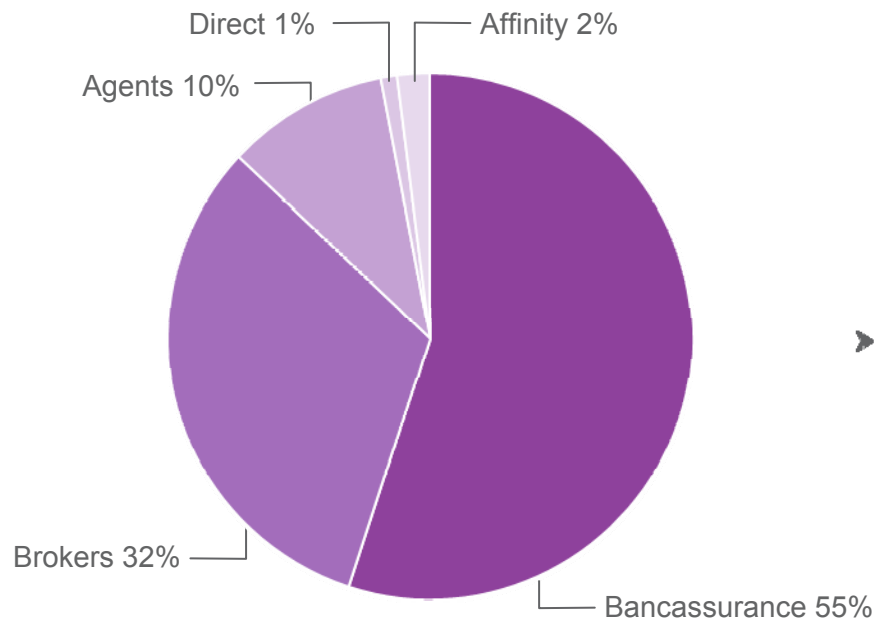
ageas



- **Streamline** the portfolio of insurance activities and address issues of entities that are lacking critical size or market position, or that do not meet the cost of equity and value creation criteria, possibly resulting in closing down or disposal
- **Grow** the core entities organically and small add-on acquisitions, based on the ability to team up with different partners, including BNP Paribas
- Optimize the operational performance of entities that are core
- Acquire new businesses in attractive markets, meeting strict strategic and financial criteria (critical size and market position) by building on partnerships expertise
- **Develop greenfield operations**

Our multi-channel distribution strategy

Ageas distribution snapshot (as % of GWP), 2009*



* Pro rata for non consolidated companies

- Leading banking partners, including:
 - BNP Paribas Fortis (Belgium); # 1
 - BGL BNP Paribas (Luxembourg); # 1
 - Millenniumbcp (Portugal); # 2
 - KASIKORNBANK (Thailand); # 3
 - Maybank (Malaysia); # 1
 - IDBI, Federal Bank of Kerala (India)
 - UBI Banca (Italy); # 4
- Relationships with brokers
 - Belgium, United Kingdom, Portugal, Hong Kong, China, Thailand, Turkey
- Direct operations in the UK
- Affinity partnerships in Europe and Asia, a.o.:
 - Toyota, Tesco (UK); # 1 in retail

Challenges for the Global Insurance sector

Economic Outlook



- Uncertainty about shape of recovery: V, W, Square root sign, or worse...
- Debate between economists about possible scenario's: pick-up of demand, growth, inflation and higher interest rates or subdued demand, no growth, deflation, low interest rates
- One of the major questions: Will consumers take over if government support will be reversed, can governments restore fiscal balance without creating new crises; a discussion which became even more outspoken in the light of the current sovereign crisis
- The scenario that will emerge will drive not only interest rates but also equity markets, business environment and consumer behaviour, all very important for the insurance industry
- How to position yourself as an international insurance group, active in mature and emerging markets, in Life and Non-Life ?

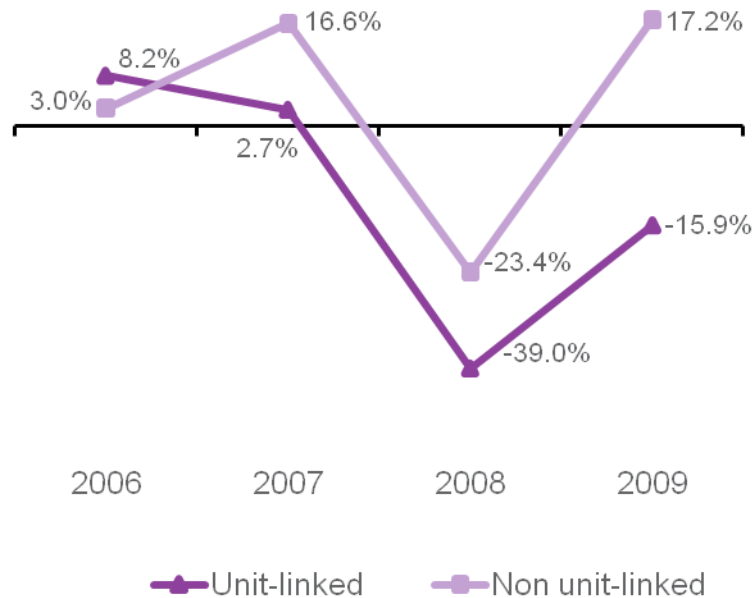
Ageas response to economic uncertainty

- Cautious approach with asset mix
- Strong match of assets and liabilities
- Cost control
- Presence in markets with different dynamics (Europe and Asia)
- Maintain a healthy mix between Life and Non-life
- Maintain strong capital position to absorb shocks
- High attention for liquidity

Challenges for Life Insurance

Life, focus on balance sheet management

Sales evolution traditional products vs unit-linked
Belgium - AG Insurance



Risk averse consumer behaviour in uncertain markets

- Preference for guaranteed rate products
- Better returns than bank savings or deposit accounts

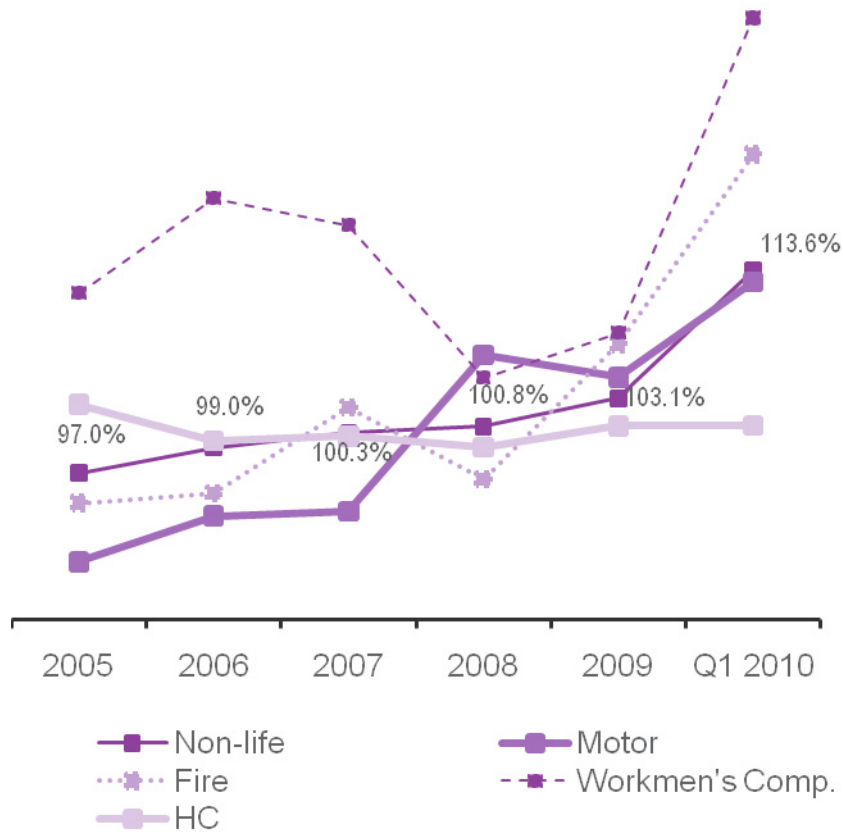
Future evolutions of Life insurance as such

- Low returns and high volatility in various asset classes poses interesting ALM questions
- Trends towards more streamlined or a simplified product portfolio?
- Tax benefit remains a competitive advantage vs savings products

Trends in Non-life Insurance

Facing challenging operational times

Belgium - AG Insurance
Combined ratio evolution 2005 - Q1 2010



Significant increase of 'large loss' claims and frequency

- General trend of increasing combined ratios
- Uncertain impact of climate change
- Heavy weather related events impacting operational performance
- Increased risk of fraudulent claims

Pressure on Non-life earnings power

- Potential for reserves releases almost expired
- Fierce competition → Pricing pressure

Stricter operational management going forward

- Tariff increases
- Stricter claims management
- Cost containment
- Revised policy conditions

Challenges for the Insurance sector

Regulatory change



- Trend for stronger regulation in financial markets, not only in Banking
- Consumer protection, transparency rules, further mutualisation of risks
- Solvency II framework for capital requirements for the Insurance sector as equivalent for Basle II framework in Banking
- Will lead to better risk management in the sector and higher capital requirements for some companies
- Basel III could be an additional trigger for consolidation or focus on core activities
- Some banks are forced by the EU to restructure following the receipt of State-aid. Many banks are considering to sell their insurance activities

Ageas is well positioned to cope with changes in regulatory environment

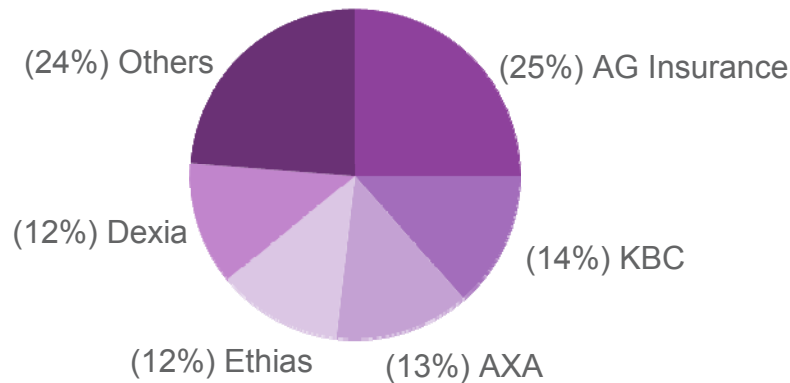
- Its conservative asset mix and liability structure (not much longevity risk via annuities) is not expected to result in major changes in capital requirements under Solvency II
- Ageas's strong capital position might create opportunities to benefit from restructurings in the financial sector

Ageas's leading market position in Belgium remains intact



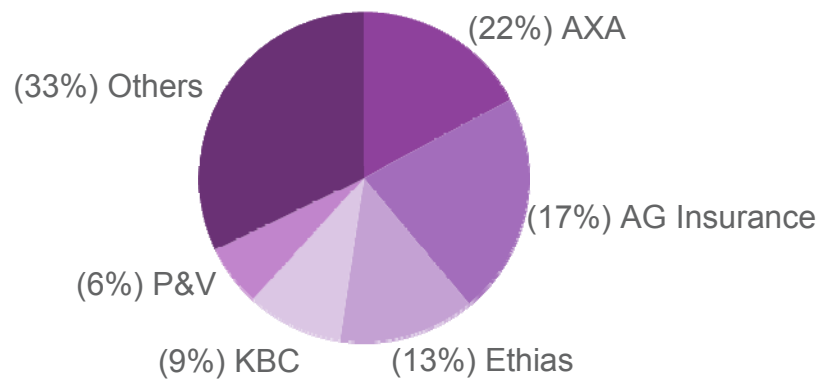
Life

FY 08 market shares*

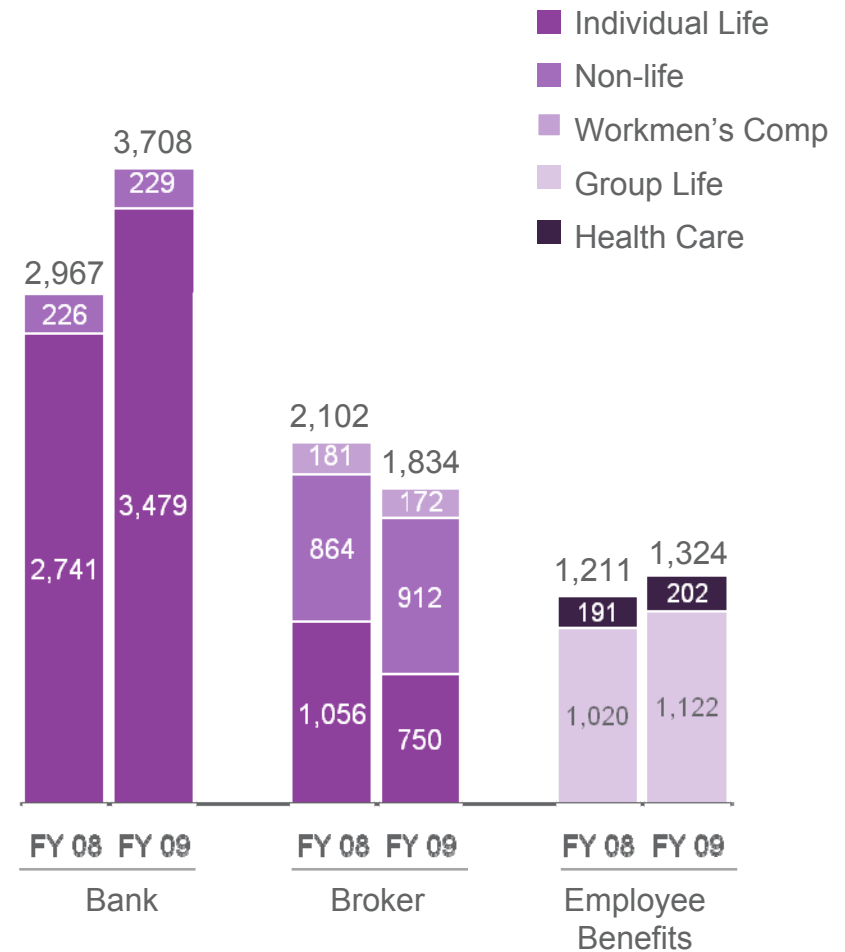


Non-life

FY 08 market shares *



Inflow per distribution channel (EUR mio)



* FY 08 market shares based on Assuralia newsletter, Assurinfo nr 33 on 22 October '09

“After the significant changes that have happened, Ageas has regained stability. The new company is a solid international insurer with strong partnerships in Europe and Asia, ready to shape its future.”

Going forward

- Ageas will remain a sound insurance group, as demonstrated by its capital position, profile and profitability
- Ageas will streamline its portfolio to ensure that all activities meet 3 key criteria over time: meaningful contribution, critical size, and return in excess of cost of equity
- Ageas will continue to invest in its businesses as long as returns on investment are expected to exceed its cost of equity. For growth businesses, the value created will also be taken in consideration
- Ageas will grow further by developing value creating partnerships with leading distribution partners
- Ageas targets to pay an annual cash dividend. The target pay-out is 40% to 50% of the net profit of the insurance activities





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