



Optimising shareholder value in a mature market

Goldman Sachs

European Financials Conference

Paris

8 June 2011

Bruno Colmant



Ageas's priorities for 2011 and beyond

ageas.

- Improve operational performance
- Strengthen Insurance franchise
- Make progress on solving legacy issues
- Disciplined capital management
- A consistent dividend policy



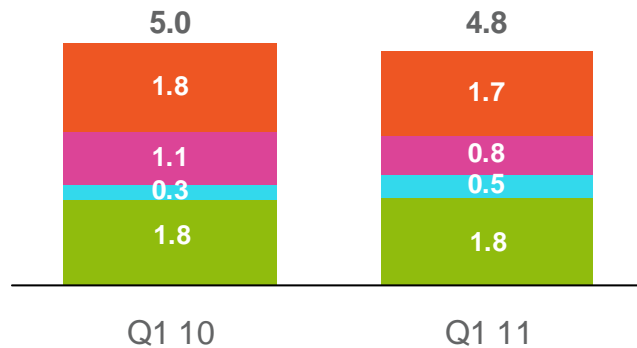
Q1 2011 : An improved financial & operating performance

... Ageas expects an improved Insurance financial performance for 2011



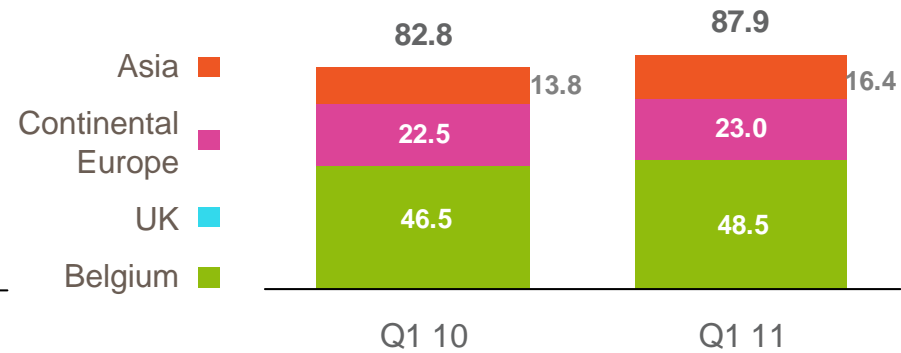
Inflow

In EUR bn



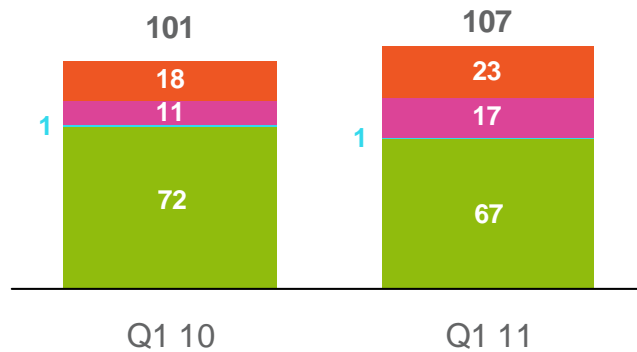
Life Funds under management*

In EUR bn



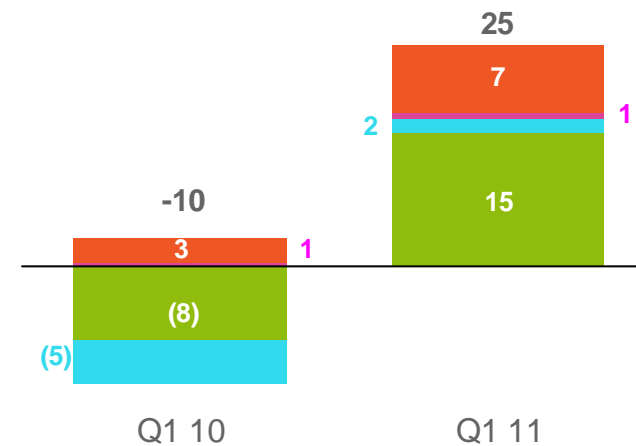
Net profit Life

In EUR mio



Net profit Non-Life

In EUR mio



* Funds under Management Asia include the non-consolidated partnerships on a 100% basis

Non-Life, structural measures taken to improve performance

... Ageas's result hampered in 2010 by extreme weather conditions

ageas



Operational performance under pressure

- General market trend of increasing claims cost
- Exceptional impact of weather related events, impacting claims amount & claims frequency, especially in Household & Motor
- Workmen's Compensation in Belgium : Increased # of permanent disability claims

Pressure on future Non-Life earnings power

- Lower potential for reserves releases across the sector
- Fierce competition, specific distribution models stimulate pricing pressure



Corrective measures a must, company & sector wise

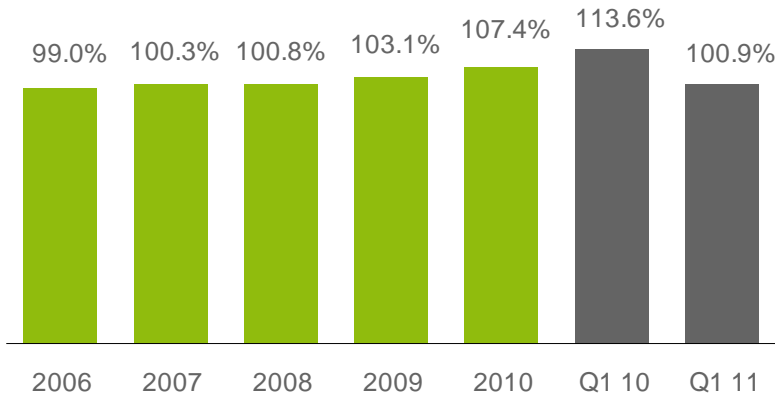
- Tariff increases
- Stricter claims management
- Cost containment
- Revised policy conditions

Non-Life performance in Belgium & UK significantly better

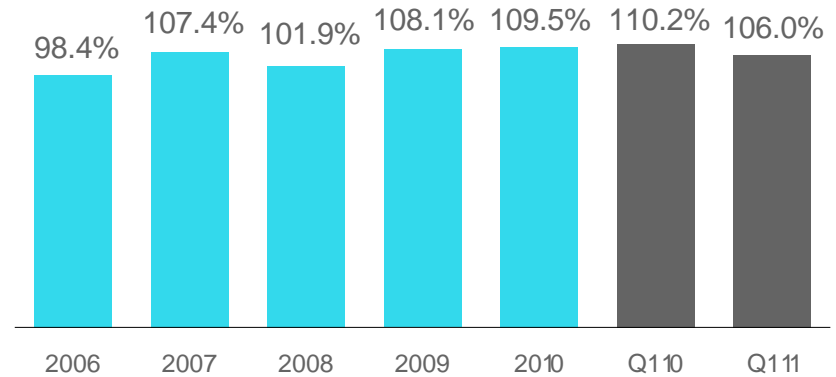
Combined ratio improved thanks to continued measures taken since 2009



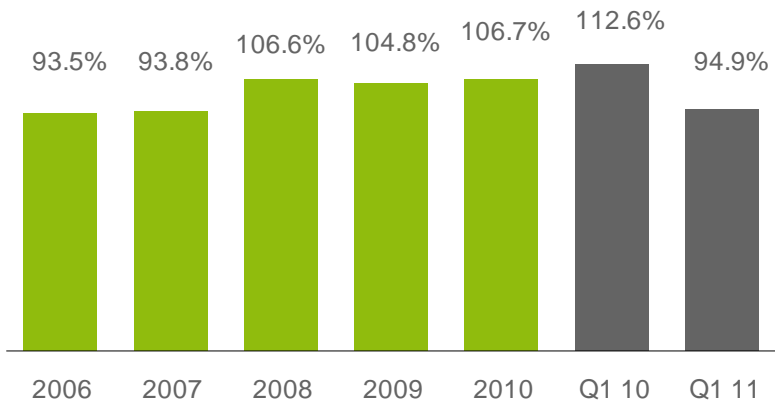
Belgium – Total Non-Life



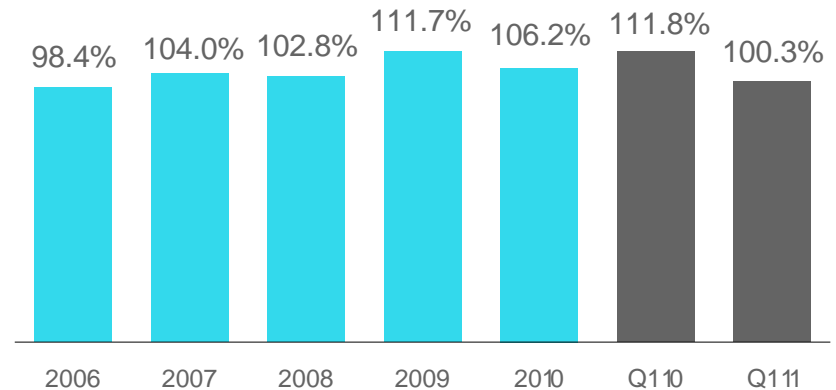
UK – Total Non-Life



Belgium – Motor



UK – Motor



Ageas structurally works on strengthening its Insurance franchise ... through streamlining, organic growth and selective expansion....



Belgium

- Strengthen Life & Non-Life market position
 - ✓ N°1 in Life : 25%
 - ✓ N°2 in Non-Life : 17%
- Further develop multi-distribution strategy
- Focus on operational performance
 - ✓ Non-Life : Improve combined ratio
 - ✓ Life : Strategic Asset allocation

UK

- Non-Life: Strengthen multi-channel distribution & market position
 - ✓ Launch partnership with Tesco mid October 10;
 - ✓ N°2 market position in # cars insured
- Life protection: Qualify business across IFA market
- Retail distribution: Diversification & size
 - ✓ Recent acquisition KFIS & Castle Cover
 - ✓ N°4 Personal lines Intermediary, n°2 in >50's segment

Continental Europe

- Streamline current Insurance portfolio
 - ✓ Sale Turkey & Ukraine Life, Luxembourg N-L
 - ✓ Closing Russian Life operations
- Selective investments in areas of growth
 - ✓ Stake UBI Assicurazioni Non-Life in Italy
 - ✓ Deal with Aksigorta Non-Life in Turkey

Asia

- Strengthen market positions & partnerships
 - ✓ Improved market presence across the region
 - ✓ Thailand : Entry Kasikornbank in share capital
- Focus on value creation
 - ✓ Gradual shift from single to regular premiums since Q1 11
- Increased focus on profitability
 - ✓ Better underlying quality of result

General Account

Ageas works on a progressive solution for the various legacy issues



Litigation risk related to on going investigations

- 11 February 2011 : Positive judgment FRESH case
- 18 May 2011 : Favourable judgment in FortisEffect & VEB/Deminor case

Prudent accounting & cash management

- 27 May 2011 : Fortis Bank' decision not to call 2001 Debt securities (EUR 1 bn)
- 07 Dec 2010 : Claim filed against ABN AMRO re MCS & FCC (EUR 2.4 bn)
- Continued proactive management other outstanding investigations

Volatile character General Account remains

- Q1 11 : RPN(I)
- FY 10 : RPN(I), Call option BNP Paribas shares, RPI, Deferred tax charges

Legal simplification holding structures

- Belgium & the Netherlands



Fortis Bank SA/NV decided not to call Tier 1 bond 2001

Ageas fully prepared to meet its obligations...



Background

- In 2001, Fortis Bank SA/NV issued a EUR 1 bn subordinated Tier 1 bond*
- Ageas to settle as co-guarantor, if Fortis SA/NV decides not to call at first call date (26/09/11)
- In return Ageas receives a Tier 1 bond on Fortis Bank SA/NV; 3m-coupon at EURIBOR + 237 bps

Current Status

- On 27 May 2011, Fortis Bank SA/NV announced not to call
- Ageas will seek approval from NBB to redeem (in line with terms & conditions of the Securities)
- If approved, Ageas will settle; If no approval, the Securities remain outstanding with a floating coupon

Financial implications

- **Net result** : financial instrument accounted at fair value; additional net interest income of app EUR 24 mio
- **Net cash General Account** : from EUR 2.1 bn (situation 31/03/11) to EUR 1.1 bn depending on amount called
- **Solvency** : not affected, 201% (situation 31/03/2011) solvency ratio unchanged
- **Discretionary capital** : EUR 0.2 bn (situation 31/03/11); Up with amount of cash not disbursed; In addition EUR 0.7 bn RPN(I) provision added back as permanent funding

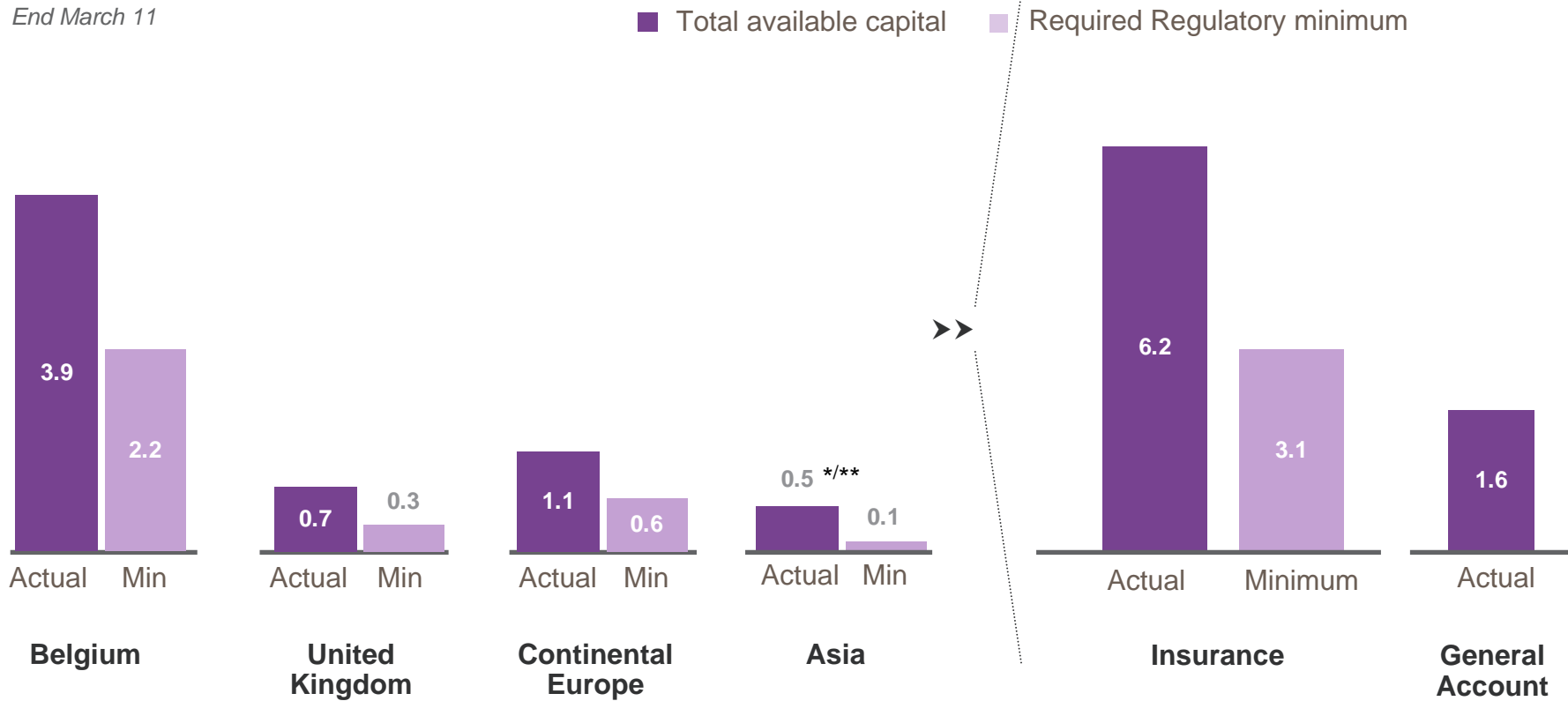
* 6.5% Redeemable Perpetual Cumulative Coupon Debt Securities

Ageas's total IFRS solvency well above required minimum

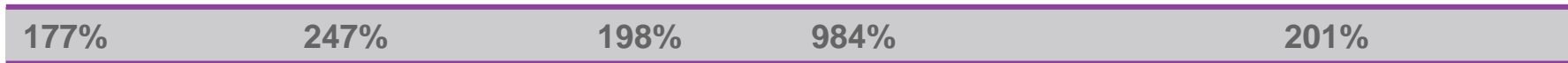
Excess capital of Insurance + General Account of EUR 4.7 bn



End March 11



Total Solvency Ratio



* Asia : Investments in partnerships are deducted from Total Capital; given the significant investments in partnerships

** Under local Asian solvency regulation, different valuation rules apply leading to a solvency ratio for AICA of 468% end of March 11.

Ageas has a stringent solvency calculation methodology



Example : Belgium (situation 31/03/2011)

- IFRS solvency ratio : 177%
- Local solvency ratio : 195%
- Excess capital range : EUR 2.7 – EUR 3.1 bn above regulatory minimum

Example : solvency treatment of unrealized gains & losses on debt instruments

- IFRS : unrealized gains NOT included on balance, unrealized losses net of tax deducted from total capital at 100%
- Local : unrealized gains NOT included, unrealized losses net of tax deducted up to the total amount of unrealized gains on shares, land and buildings
- In addition, in a situation of rising interest rates, the valuation of liabilities are not adjusted

Solvency II :

- Senior management & Board fully involved in programme process, steering & decision making
- QIS 5 : impact identified & reported to supervisor within foreseen timeline
- Analysis so far confirms robust Solvency II capital position, despite remaining uncertainty around SCR standard approach

Ageas's Capital management principles

...following the communicated at Investor Day 25 September 2009



A balanced approach to ensure organic and external growth while respecting capitalization and liquidity constraints

Invest in businesses

- Support organic growth
- Selective expansion

Return to shareholders

- Pay annual dividend
- Share buy-back

Return to debtholders

- Debt buy-back

+ Create trust

+ Recognition current low share price

- Volatile market environment vs. impact on business

- Strategic flexibility reduced

+ Potential increase in NAV

+ Positive carry in P&L

- Volatile market environment vs. impact on business

- Strategic flexibility reduced



Strike the right balance between risk (including liquidity risk) and return vs. Short-term & Long-term strategic objectives

New dividend policy published in Sep 09

- ✓ Intention to pay a regular dividend based on the net profit of the insurance activities
- ✓ Targeting a pay-out ratio of 40-50%
- ✓ On an annual base
- ✓ Cash dividend

2010 dividend over 2010 of EUR 0.08

- ✓ Payout of app 50%
- ✓ In line with 2009 dividend & renewed dividend policy
- ✓ Payable as of 30 May 2011

Dividend related to call option on BNP Paribas shares

- ✓ Any gain related to exercise/monetisation call option during the exercise period
- ✓ In addition to regular dividend
- ✓ To comply with requirements European Commission



Conclusion

Ageas, the journey towards real value creation has only started....

ageas.

2009

Focus on the restart of the company

2010

Focus on solidifying the structure

2011

Focus on delivery across all activities



Overall focus on maximising value for the shareholder





**Find out more on
Ageas's Asian activities**

**Investor Day - London
Thursday 29 September 2011
Save the date!**

Investor Relations



Tel: + 32 2 557 57 34
+ 31 30 2525 305

E-mail: ir@ageas.com

Website: www.ageas.com



Investor Relations