



Lessons from the crisis

Bart De Smet,
CEO Ageas

BoA Merrill Lynch
Banking & Insurance Conference
4-6 October 2011



Your partner in Insurance

Fortis severely hit in 2008 by the financial turmoil
Since May 2009 Ageas has been rebuild on strong fundamentals

ageas

■ **Robust commercial franchise**

- ✓ Leading market positions, strong brands
- ✓ Well diversified activities
- ✓ Strong distribution partnerships

■ **A strong financial framework**

- ✓ Sound financial performance
- ✓ Strong solvency ratio, significant capital buffer
- ✓ Focus on de-risking balance sheet

■ **Enhanced Asset & Risk management**

- ✓ Well embedded in the organisation
- ✓ Disciplined management

■ **Strengthened governance principles**



We are active under many local brands with solid market positions



United Kingdom
 # 2 in # of cars insured
 # 4 Personal lines intermediary



Belgium
 # 1 in Life
 # 2 in Non-Life



China
 # 7 in Life
 2nd largest foreign investor



Portugal
 # 1 in Life



Italy



Turkey
 # 4 Non-Life



India



Malaysia
 # 2 overall
 Market leader in new business,
 Takaful & Non-Life



Thailand
 # 3 in Life, # 5 in Non-Life



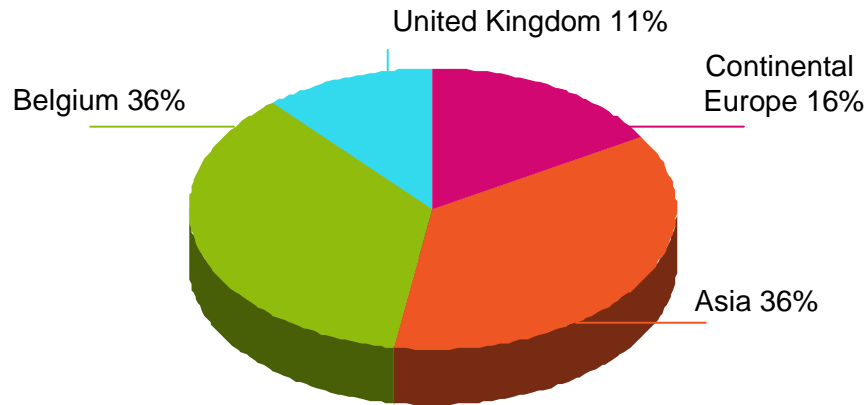
* Acquisition announced but not closed

A well diversified activity portfolio



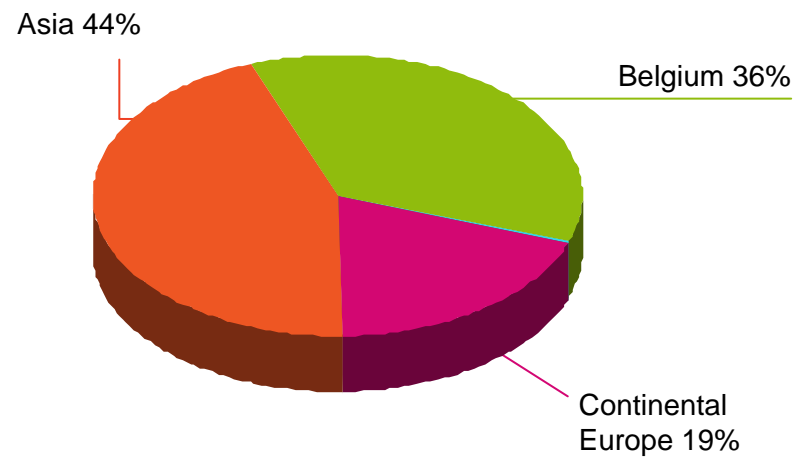
Geographic breakdown

Gross inflow H1 11 = EUR 9.0 bn



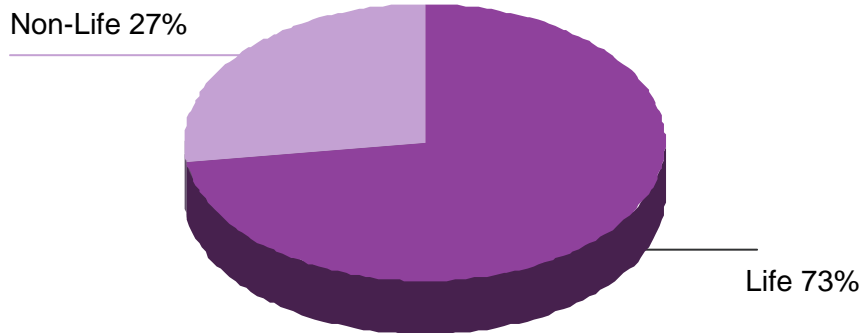
Life breakdown

Gross inflow H1 11 = EUR 6.5 bn



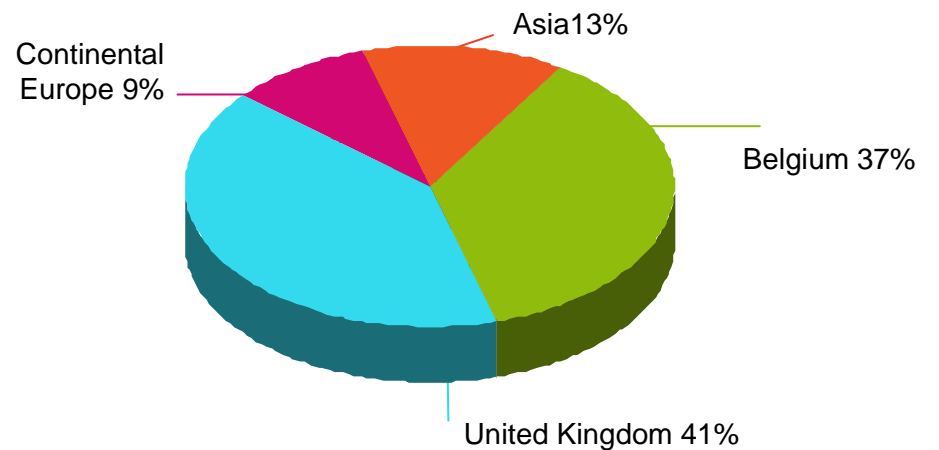
Business breakdown

Gross inflow H1 11 = EUR 9.0 bn



Non-Life Breakdown

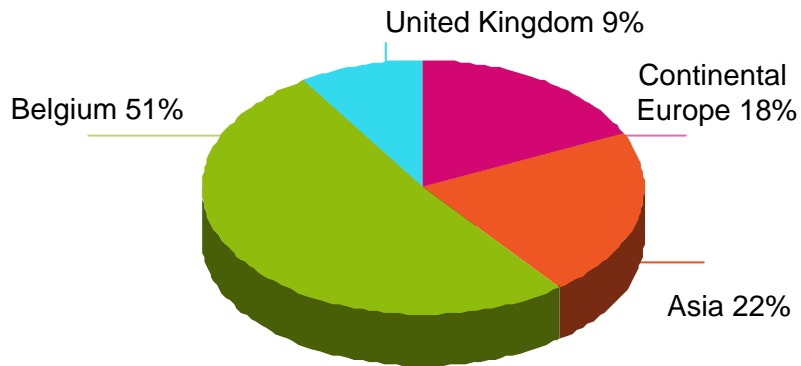
Gross inflow H1 11 = EUR 2.5 bn



Since 2009, the profile of the Ageas group has evolved
 UK & Asia gained importance, shift towards Non-Life and fee based income

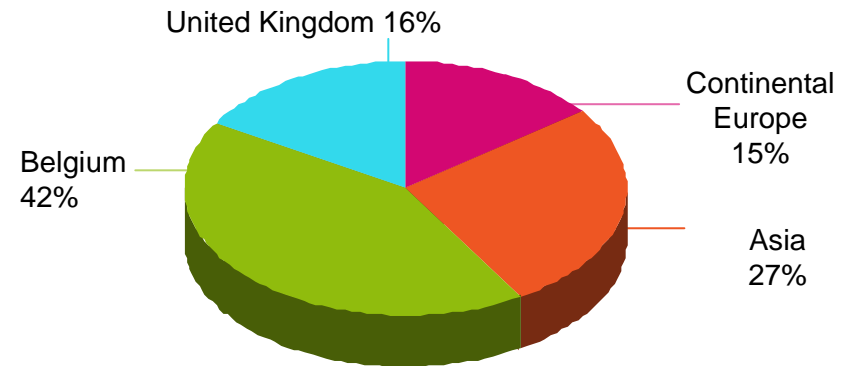


Shareholders' equity by segment FY 09
 Total FY 09 = EUR 5.6 bn*



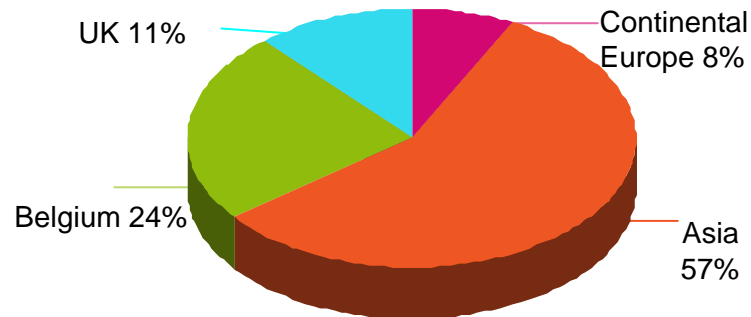
* Excluding shareholders' equity General Account of EUR 2.8 bn

Shareholders' equity by segment H1 11
 Total H1 11 = EUR 5.3 bn*



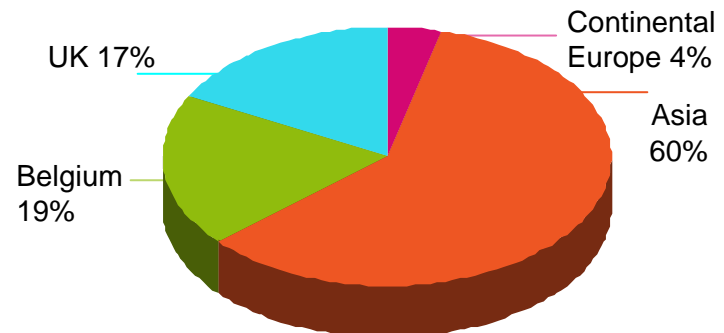
* Excluding shareholders' equity General Account of EUR 2.2 bn

FTE's by segment FY 08
 Total FTE's FY 08 = 22,898*



* Excluding 213 FTE's in General; including non-consolidated partnerships at 100%

FTE's by segment H1 11
 Total FTE's H1 11 = 29,846*

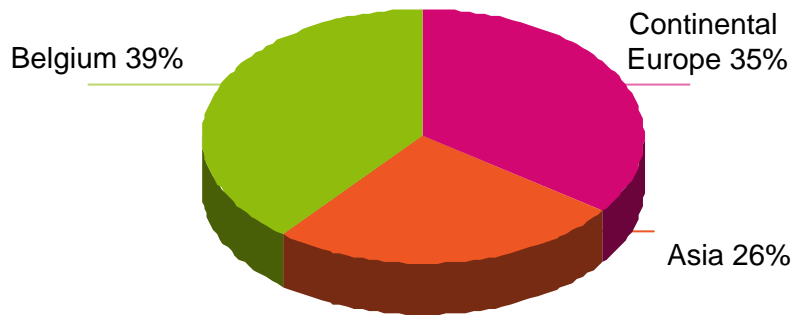


* Excluding 88 FTE's in General; including non-consolidated partnerships at 100%

Since 2009, the profile of the Ageas group has evolved (ct'd)
 UK & Asia gained importance, shift towards Non-Life and fee based income



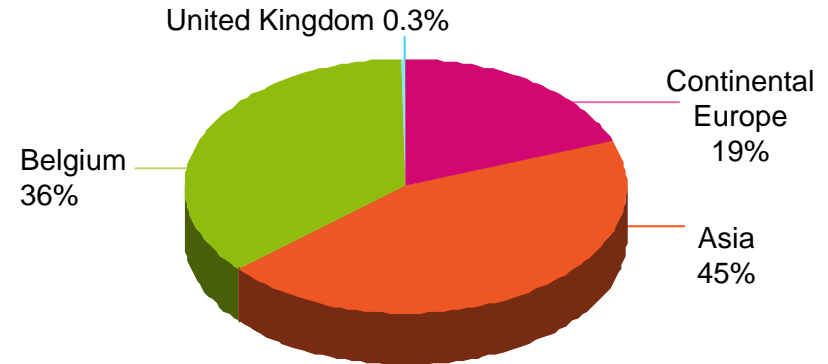
Life Inflow by segment H1 08
 Gross inflow H1 08 = EUR 5.9 bn*



* Including non-consolidated partnerships at 100%

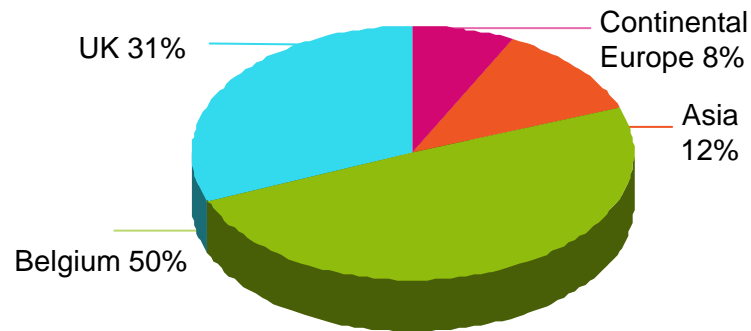
>> CAGR 3.4% >>

Life Inflow by segment H1 11
 Gross inflow H1 11 = EUR 6.5 bn*



* Including non-consolidated partnerships at 100%

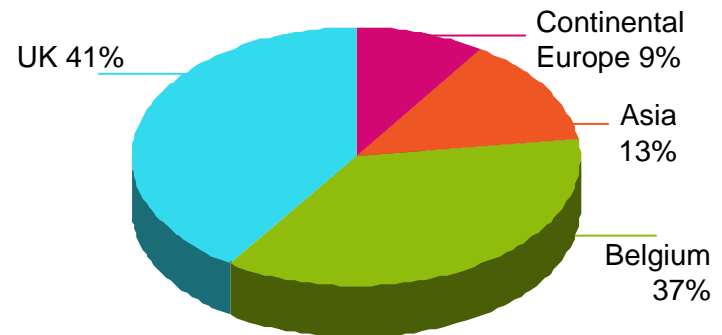
Non-life Inflow by segment H1 08
 Gross inflow H1 08 = EUR 1.6 bn*



* Including non-consolidated partnerships at 100%

>> CAGR 16.4% >>

Non-life Inflow by segment H1 11
 Gross inflow H1 11 = EUR 2.5 bn*



* Including non-consolidated partnerships at 100%; including Other Insurance in the UK

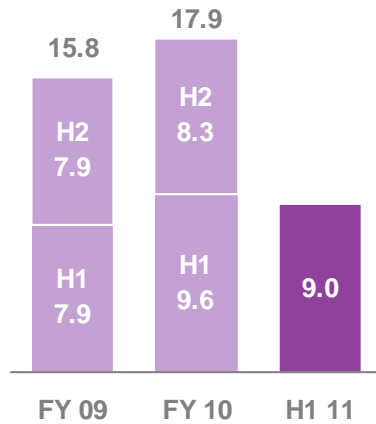
Strong focus on improving the financial performance

Positive results since 2009 despite the turbulent markets



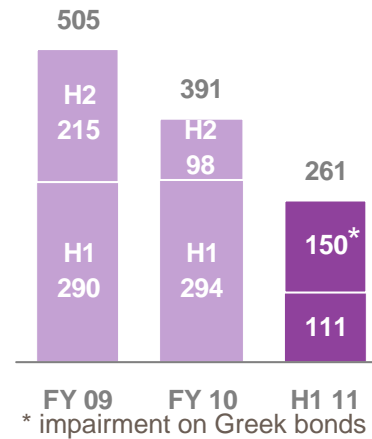
Growing Premium levels

In EUR bn

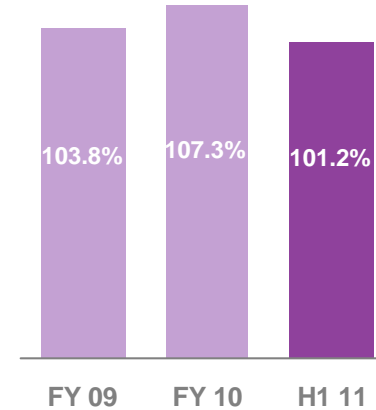


Solid Insurance results

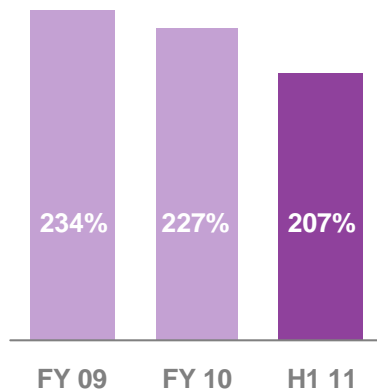
In EUR mio



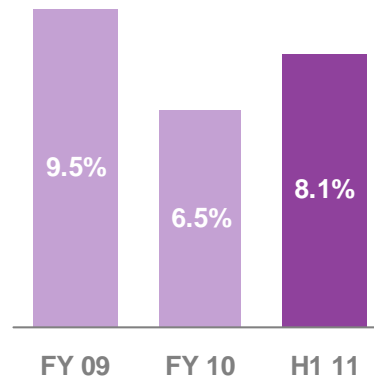
Improved Combined ratio



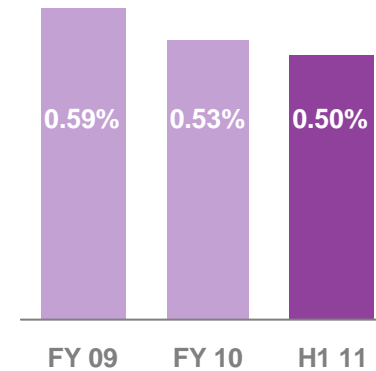
Strong Insurance solvency



RoE still below target



Sound Life operating cost ratios

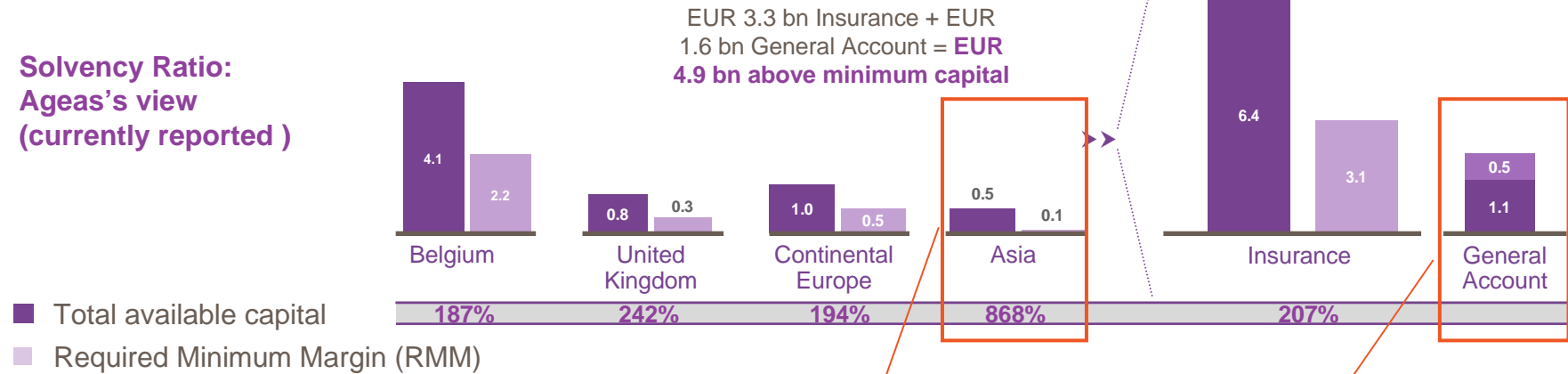


Ageas can build on strong solvency levels

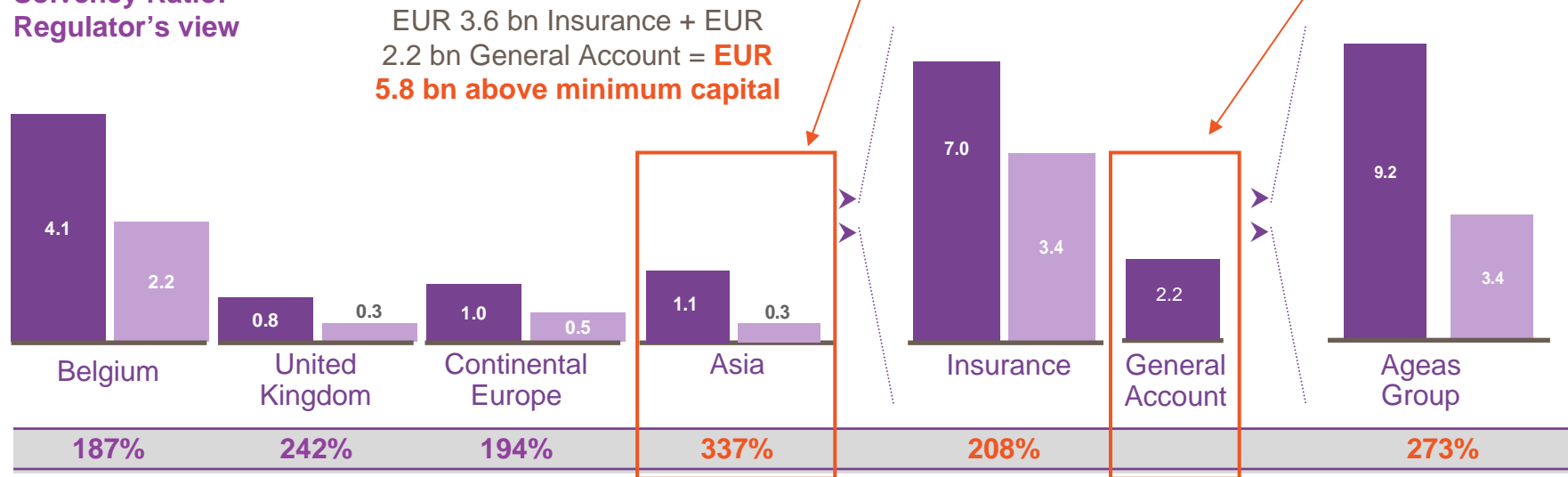
Ageas aligns its solvency on the regulatory view as of Q3 11



Solvency Ratio: Ageas's view (currently reported)



Solvency Ratio: Regulator's view

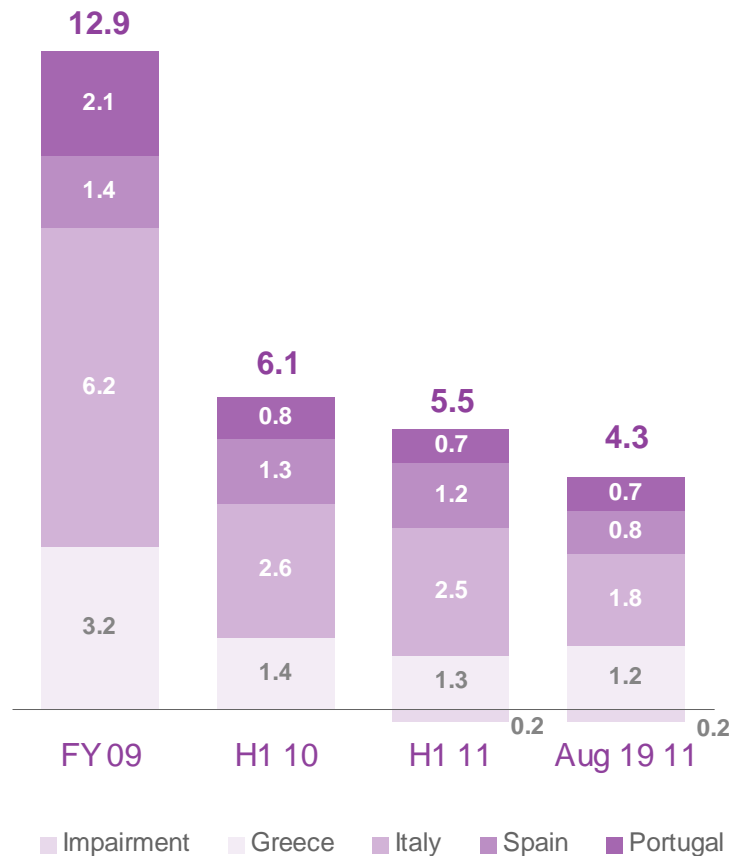


Focus on de-risking the balance sheet

Exposure on S-E sovereigns further reduced (situation 24 August 2011)



In EUR bn



- **Gross exposure at 100% on PIGS countries** down from EUR 17.8 bn to **EUR 6.3 bn*** in various steps since end 09; Net exposure at EUR 4.3 bn
- Additional **reduction** of primarily **Italian & Spanish sovereigns** since end June 11 of **EUR 1.2 bn**
- **EUR 499 mio** of primarily Portuguese sovereigns reclassified as **‘Held to Maturity’** in Q2 11, in line with market practice
- **Gross impairment** on Greek sovereigns of **EUR 328 mio** based on fair value as at 30 June 2011 and maturities up to 2020; Net impact of EUR 150 mio, after profit sharing, tax and non-controlling interests

* Situation as per 19 August 2011 after non-controlling interests and at amortized cost and after

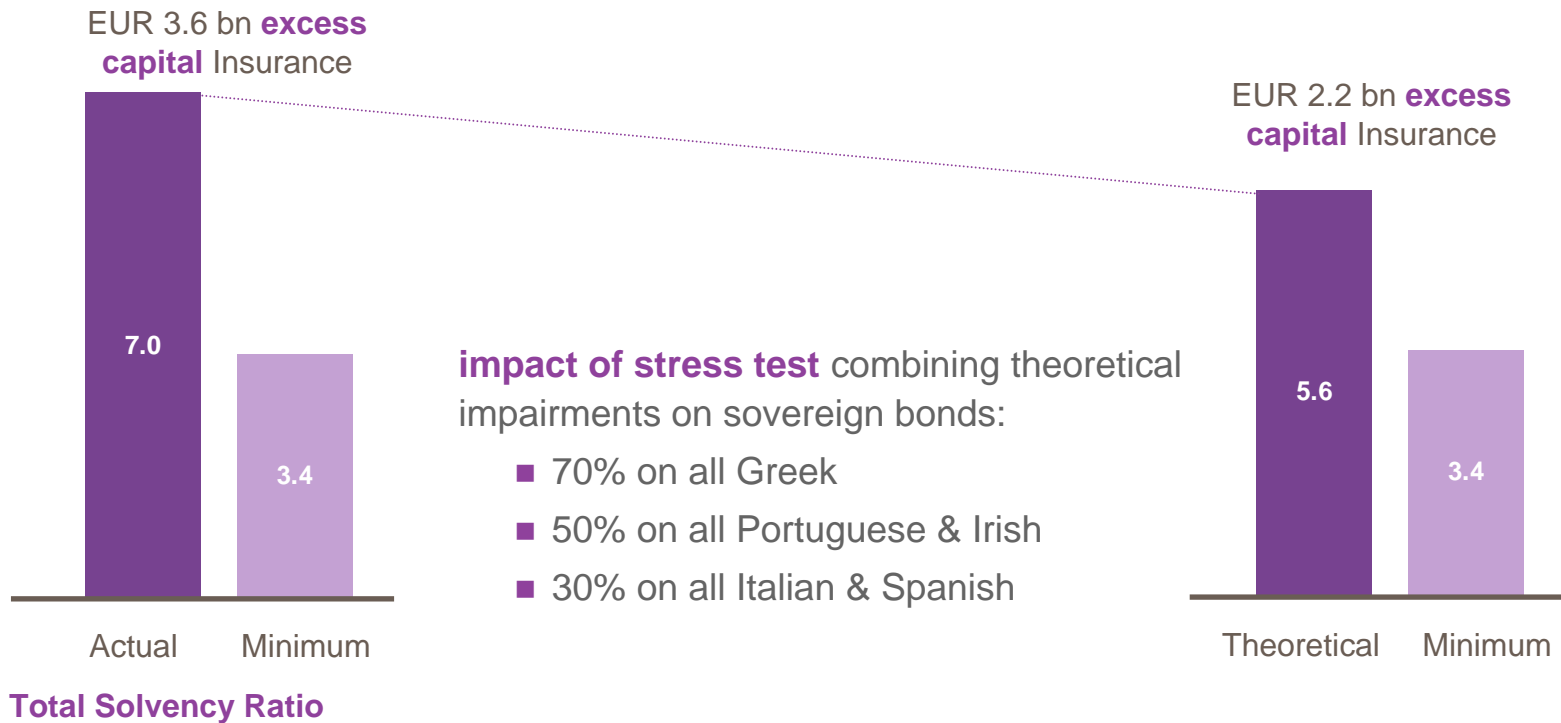
Ageas's Insurance solvency ratio resilient

Even after severe stress tests Insurance capital EUR 2.2 bn above RMM



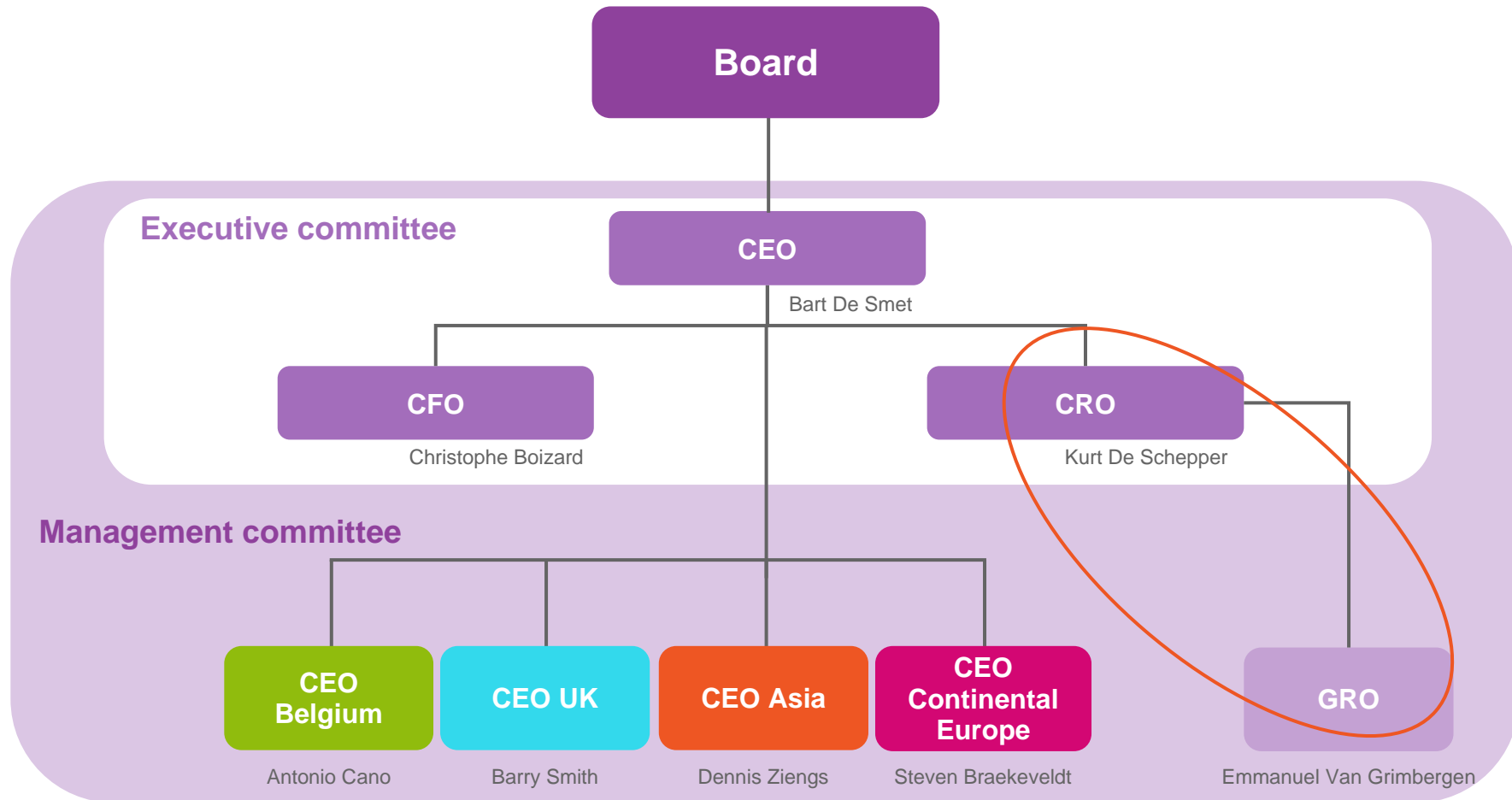
Based on data end of June 11

- Required Minimum Margin (RMM)
- Total available capital



Organisation chart adapted in response to changed environment

Prominent position of the “Risk” function in the organisation



Strengthening of the Risk function

Work in progress



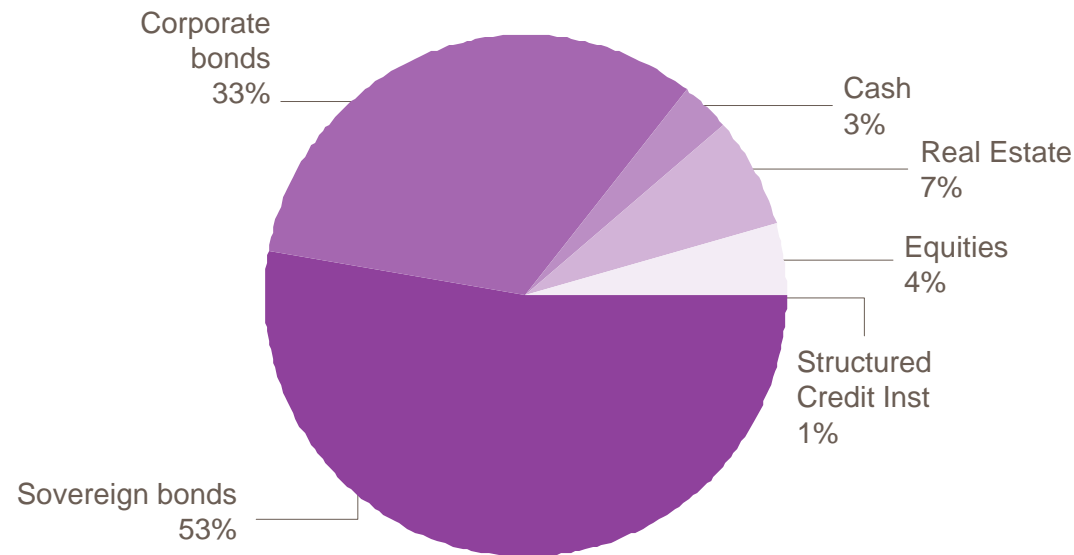
- **Further development and implementation of Ageas' Enterprise Risk Management on going**
 - ✓ Embed a Risk Governance within the organisation
 - ✓ Enhance and embed further the Ageas Risk Policy framework

- **In the context of the implementation of Solvency II, a gradual and increased focus on :**
 - ✓ Solvency II Market Consistent Balance sheet
 - ✓ Solvency Capital requirements
 - ✓ Risk Appetite

Balanced ALM-management

Volatile financial markets asks for a greater focus and more proactive management 

- **ALM Management at Operating Company level; global coordination at Corporate level**
- **ALM objective = cash flow matching**
 - ✓ Limited use of derivatives :
 - Only for protection
 - Exceptions authorized at Group level
- **Strive towards a “balanced” asset mix**



....A simplified legal structure in parallel with a governance model in line with modern business practice



Improved Governance :

April 2009:

- The shareholders meeting appoint a new Board of Directors
- Ageas fully discloses the remuneration of the Board and the Executive Committee members

June 2009:

- New executive management and revised governance structure

April 2010:

- Remuneration policy is approved by the shareholders (including the remuneration policy of the Executive Committee)
- Ageas reinforces its Board of Directors with two experienced female directors

April 2011:

- Ageas introduces the registration date and early adopts the measures to increase the shareholders rights
- Ageas is forefronter in having the shareholders to approve the report of the remuneration committee

Legal structure :

2010 - :

- Gradual simplification of the legal structure both in Belgium & The Netherlands

Ageas' strategic priorities going forward

Establish the group as a sustainable well balanced international insurer



■ Our Insurance operations

- ✓ Develop our position in existing core markets
- ✓ Increase focus on risk oriented or fee based business & lower our overall dependency on savings business
- ✓ Targeting Return on Equity of 11% for each business
- ✓ Increase level of integration in order to leverage more the expertise

■ The management of our past

- ✓ A proactive approach to maximize the benefit and limit the potential cost
- ✓ No distraction from our objectives in Insurance
- ✓ Expected time needed to solve all the legacies unknown

■ Based on a strict financial discipline

- ✓ A disciplined management of cash & capital
- ✓ A conservative risk management approach
- ✓ A strong focus on maintaining the dividend capacity
- ✓ Additional capital optimisation measures under permanent review



Cautionary Statements

Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Future actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in Ageas' core markets, (ii) performance of financial markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) increasing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the Economic and Monetary Union, (x) changes in the policies of central banks and/or foreign governments and (xi) general competitive factors, in each case on a global, regional and/or national basis.

In addition, the financial information contained in this presentation, including the pro forma information contained herein, is unaudited and is provided for illustrative purposes only. It does not purport to be indicative of what the actual results of operations or financial condition of Ageas and its subsidiaries would have been had these events occurred or transactions been consummated on or as of the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that may be achieved in the future.



Your Ageas's contacts

ageas.



Investor Relations

+ 32 2 557 57 33

+ 31 30 2525 379

e-mail: ir@ageas.com

Media

+ 32 2 557 57 37

e-mail: press@ageas.com

Website: www.ageas.com