



Bart De Smet
CEO

VFB
Dag v/d Tips
2 October 2010



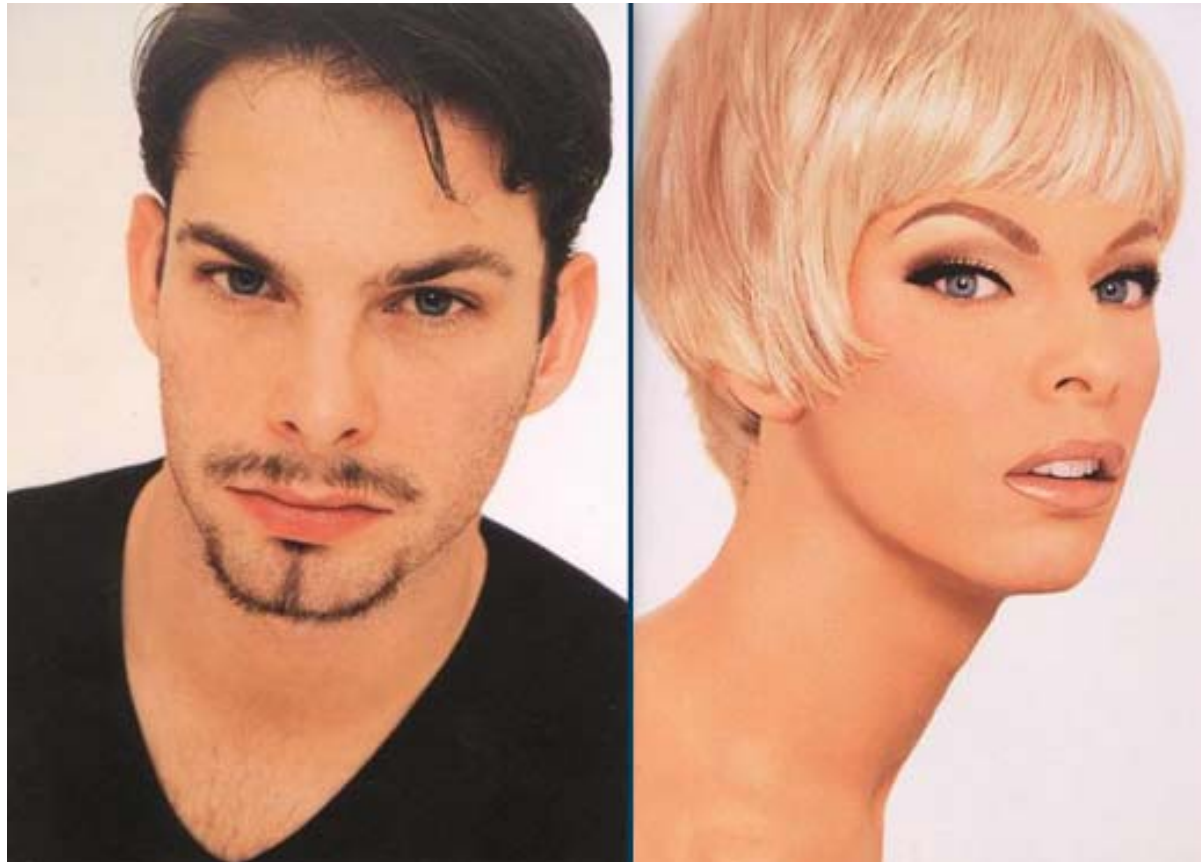
Your partner in Insurance
for more than 180 years

A decorative graphic consisting of numerous thin, curved lines in various colors (orange, grey, teal, green, yellow, purple) that sweep across the top and left side of the slide, creating a sense of movement and depth.

Are insurers different from banks ?

Ageas: fundamentals, strategy en financials

Different or similar ?



Insurers

Banks

Focus

Multi-tasking



Liquidity risk : Limited ↔ Key



Funding : Monogamous ↔ Polygamous

Insurers



Policyholders

Banks

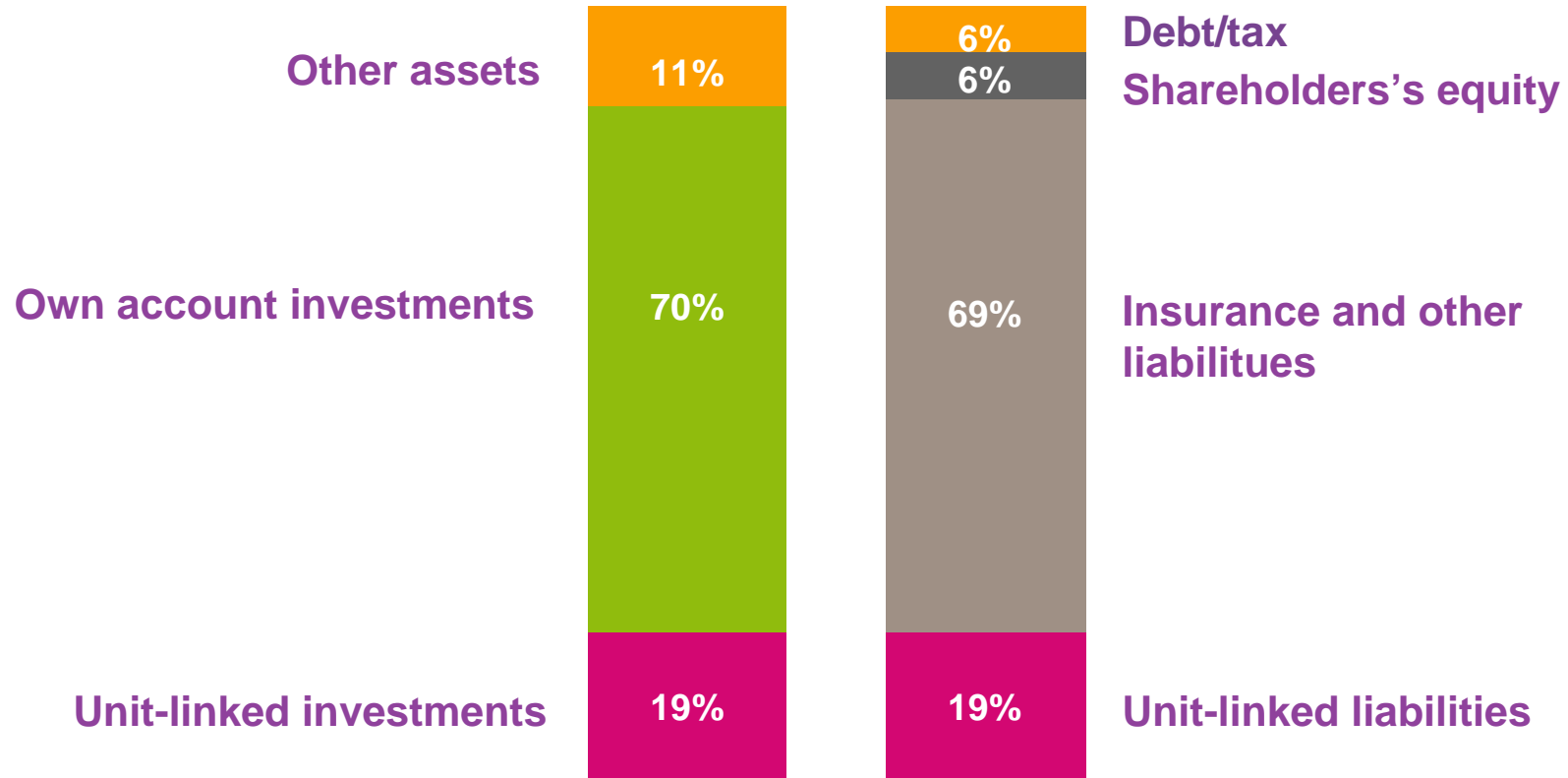


Customers

Peers

Financial markets

Generic balance sheet of 6 major European insurers



(Inter)connectivity?

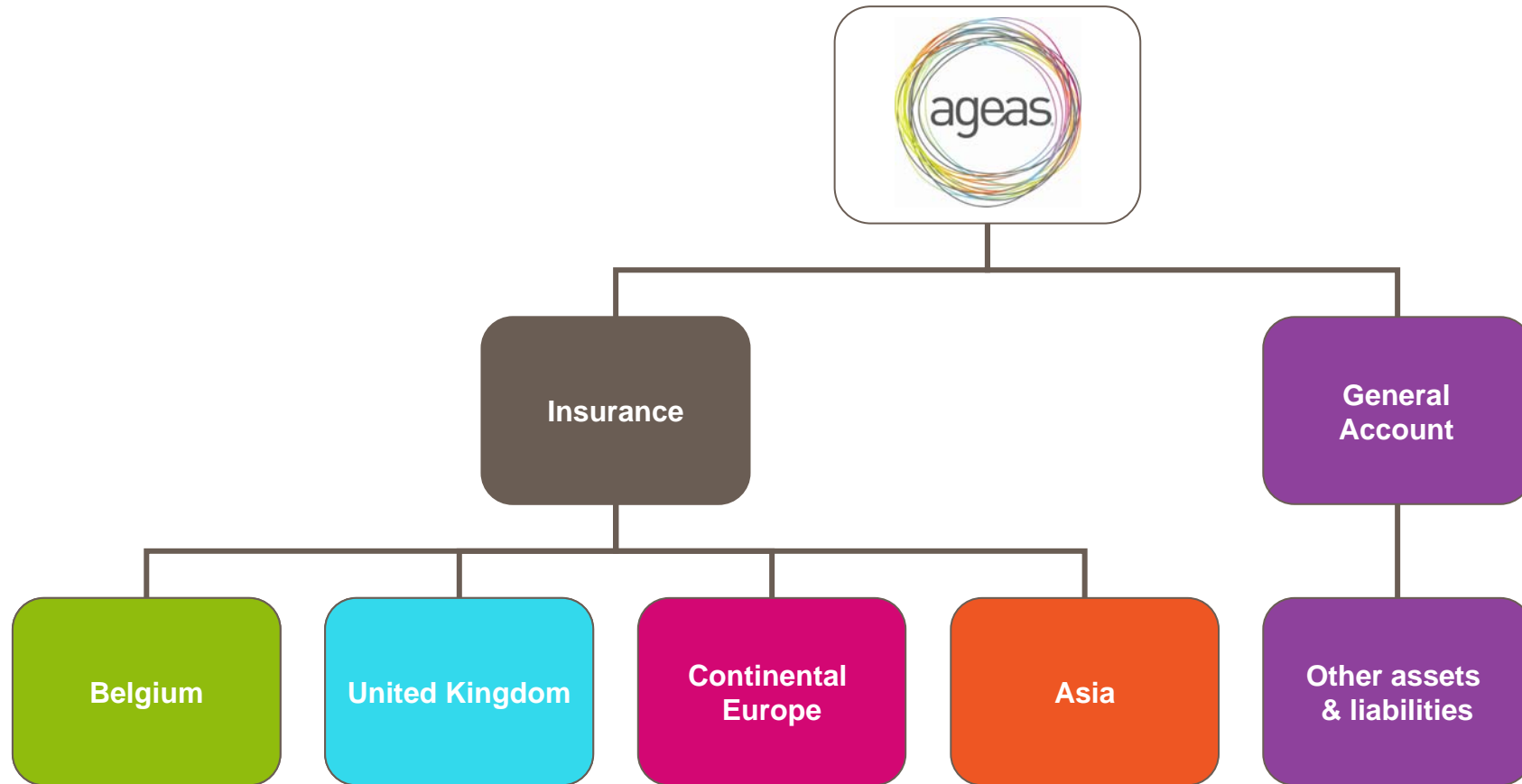


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Are insurers different from banks ?

Ageas: fundamentals, strategy en financials

2 sets of assets: insurance & general account



Strong fundamentals

- **Balanced insurance portfolio**
 - Life vs Non-Life
 - Europe vs Asia
 - Mature vs emerging markets
- **Strong market positions**
 - Market leader in Belgium
 - Partnerships with key distributors in Europe & Asia
- **Solid & de-risked balance sheet**
 - Southern European sovereign debt reduced significantly
 - Strong & high quality capital base
- **General Account managed for value**
 - Incl. management legacies



Holding related : recurring

- Corporate costs
- Non-Insurance related assets & liabilities

Legacy related : non- recurring

- Financial assets and liabilities related to the former Fortis group
 - Financial instruments owned by Ageas
 - Off or on-balance sheet 'guarantee' commitments related to instruments , issued by Fortis on behalf of its former subsidiaries (BNP Paribas Fortis Bank, Fortis Bank Nederland, ...)
- Transaction related assets or liabilities:
 - Call option on BNP Paribas shares
 - Stake in Royal Park Investments
 - RPN(I)
- Contingent liabilities related to Ageas

1

- **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



2

- **Acquire** new businesses in attractive markets, meeting strict strategic and financial criteria (critical size and market position) by building on partnerships expertise

3

- **Develop** greenfield operations

■ Critical size

- The local presence should be such that every entity can compete effectively in its market or niche
- Critical size will ensure that each activity is able to comply with Ageas's quality standards

■ Meaningful contribution

- Each activity should make a meaningful contribution to the insurance earnings
- The contribution to the insurance earnings should be significant enough to justify management time

■ Return in excess of cost of equity

- The return of a business will have to exceed the cost of equity, which is estimated to be around 11% today, while taking into account the specificities of the business
- The return of a growth business will also take into consideration the expected value creation

Streamline the insurance portfolio, simplification of the Group structure

- FY 09**
- Russia: Discontinuation operations
 - Luxembourg : Sale Non-Life to La Baloise

- H1 10**
- **Turkey : Sale Pension & Life activities to BNP Paribas Assurances**
 - **Liquidation Fortis Brussels**

Grow the core entities organically and small add-on acquisitions, based on ability to team up with different partners

- UK: Underwriting partnership Tesco Bank
- Thailand: Increased stake of KASIKORN Bank -> Inflows +45% in H1 10

Acquire new businesses in attractive markets

- Italy: Partnership with BNP Paribas Assurances and UBI Assicurazioni in Non-Life
- **UK : Acquisition of Kwik- Fit Insurance Services**

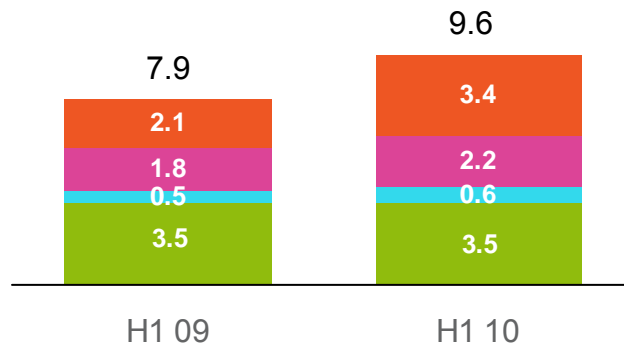
Key financials Insurance H1 2010



Inflow

By region

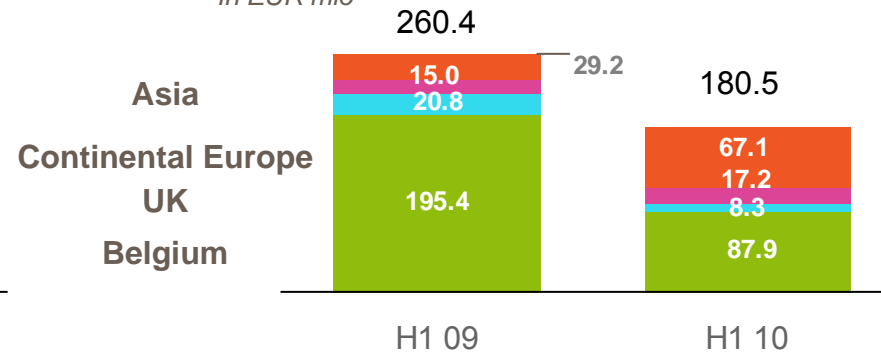
In EUR bn



Net profit

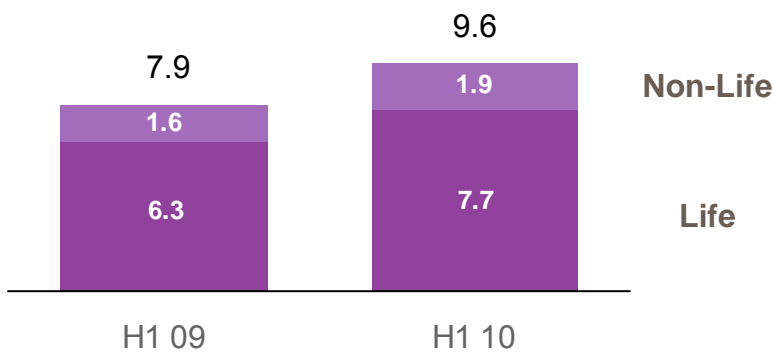
By region

In EUR mio



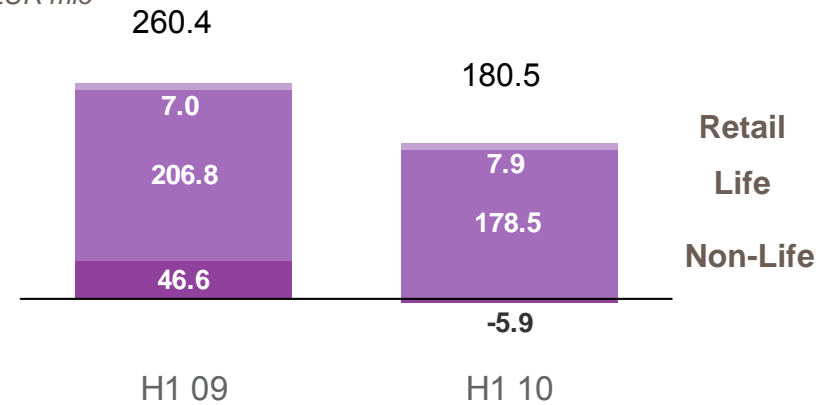
By type

In EUR bn



By type

In EUR mio



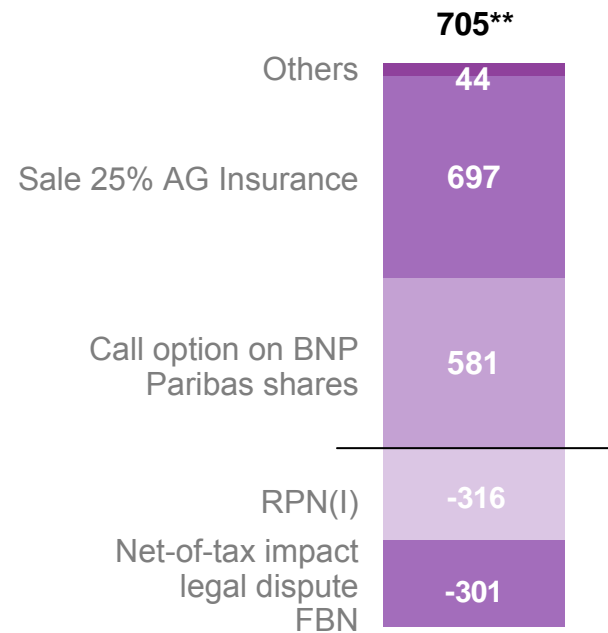
Net result General Account remains volatile



Net profit

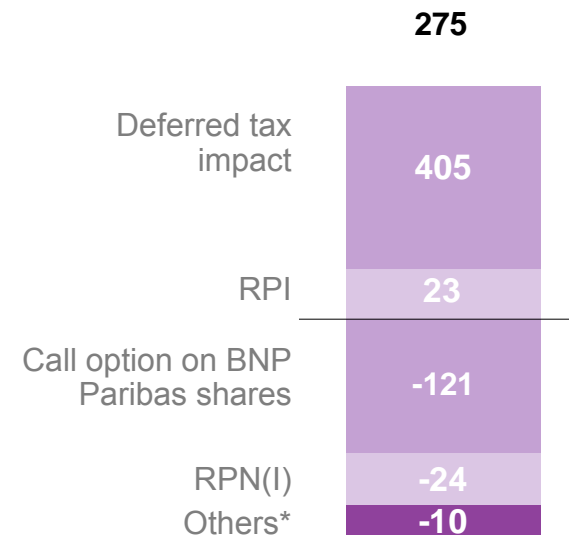
FY 09

In EUR mio



H1 10

In EUR mio



* Includes EUR 12.4 mio capital gain on sale Luxembourg Non-Life

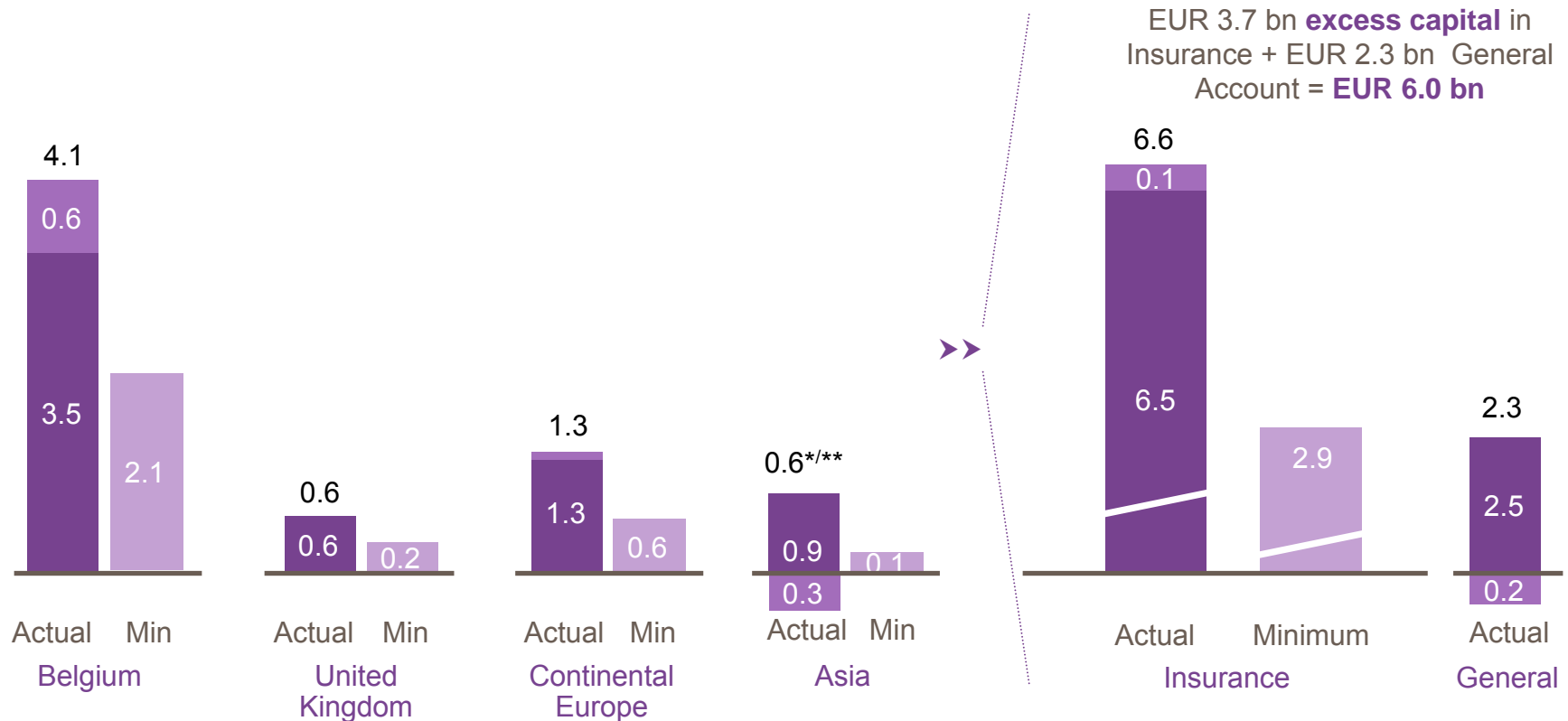
** 2009 net result General Account restated from EUR 736 mio to EUR 705 mio

Ageas's core equity EUR 6.0 bn above required regulatory minimum



Base : H1 10 data

■ Other Core Tier 1 capital ■ Core equity ■ Required Regulatory minimum



Total Solvency Ratio

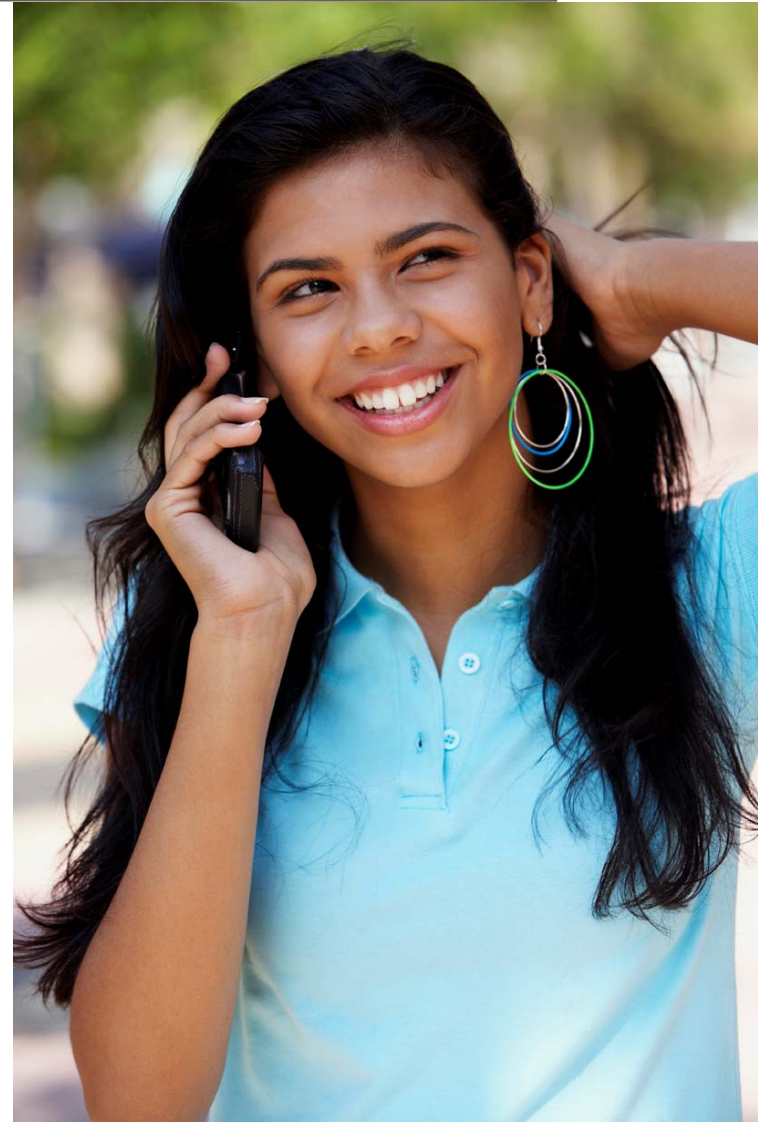
195%	302%	238%	926%	226%
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* Asia : Investments in partnerships are deducted from Total Capital; Given the significant investments in partnerships, total capital is lower than Core capital

** Under local Asian solvency regulation, different valuation rules apply leading to a solvency ratio for FICA of 342% end of June 10.

Conclusion

- **Significant operational challenges ahead for insurance companies**
 - Corrective measures taken
- **Future Life business model influenced by new regulation & interest environment**
 - Need to adapt investment strategy & product mix
- **Solvency II should contribute to a better balance between risk & return**
 - Ageas well prepared
- **Return to pure insurers & new business model**
 - Ageas develops flexible partnerships in Europe & Asia



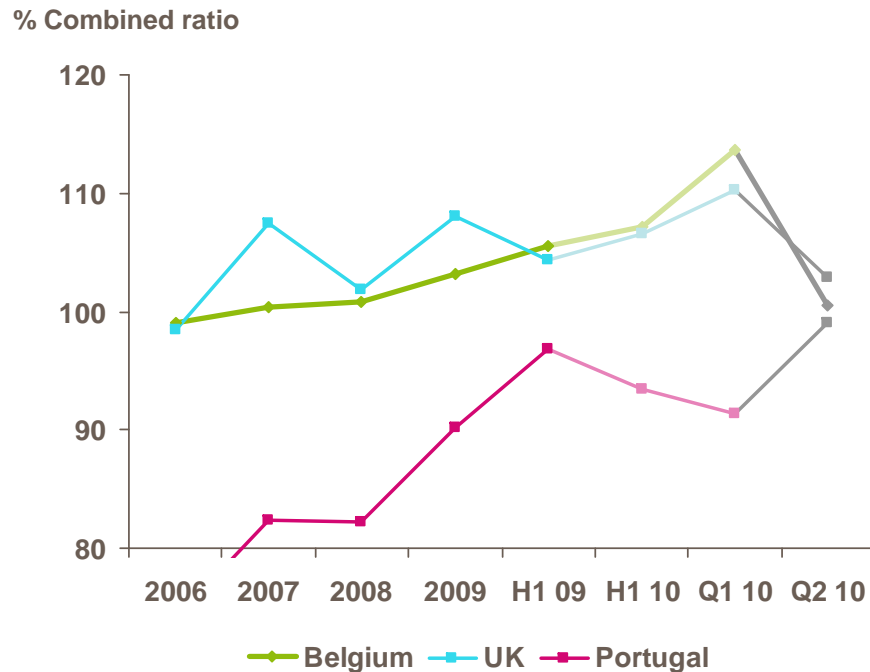
Annexes

Non-Life Insurance : Challenge to improve operational performance

First impact corrective measures since Q2 10



**Ageas's combined ratio evolution by business
2005 – Q2 2010**



Operational performance under pressure

- General trend of increasing combined ratios
- Negative impact of weather related events, impacting claims amount & claims frequency → climate change?
- Increased fraudulent or excessive claims → impact economic recession?

Pressure on future Non-Life earnings power

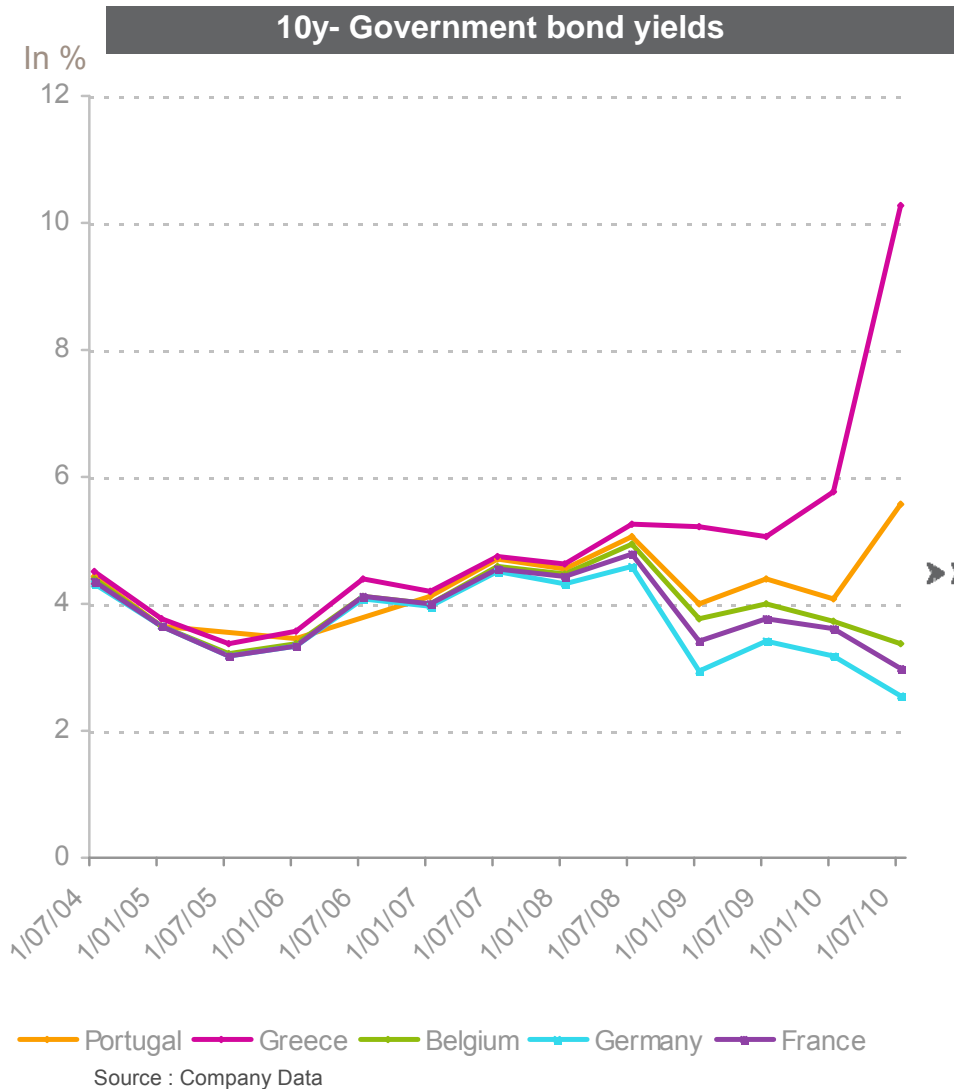
- Potential for reserves releases almost expired
- Fierce competition, specific distribution models stimulate pricing pressure

Corrective measures a must, company & sector wise

- Tariff increases – More discipline
- Stricter claims management
- Cost containment
- Revised policy conditions

Life : Uncertain & low interest rate environment

Creating challenges for a competitive product & investment strategy



Controlled sales growth and adapted product mix

- Inflated high interest rate scenario vs. deflated low interest rate scenario
- Need to adapt product portfolio as a function of risk vs. return : unit-linked, 0%-guarantee products

Future investment strategy under study taking into account various possible scenarios

- Ideal asset mix or asset mix scenarios
- Investment strategy
- Organisational implications
- Target returns vs. risk appetite

Ageas's strengths in an uncertain world

- Appropriate match of assets & liabilities
- Presence in markets with different dynamics
- Healthy mix between Life & Non-Life
- Strong capital position helping to absorb shocks

Valuation call option BNP Paribas shares



Valuation based on Black & Scholes	<ul style="list-style-type: none">▪ Implied volatility up from 27% to 39%*▪ Dividend yield up from 3.565% to 5.208%▪ Strike price unchanged at EUR 66.672 per share▶ EUR 1,085 mio total value option as at 30 June 2010▪ 30% haircut maintained ▶ EUR 759 mio▪ Volatility +5% ▶ total value option +22% (32% end 09)**
Monetisation	<ul style="list-style-type: none">▪ Ageas has opted to move to a gradual exercise strategy in accordance with a disciplined methodology over the contractually foreseen exercise period (from 10/10/10 til 09/10/16)
Taxation	<ul style="list-style-type: none">▪ Ageas announced the decision to liquidate sub-holding Fortis Brussels SA/NV (now Brussels Liquidation Holding)▪ As a result deferred tax liability of EUR 257 mio on value call option can be offset by deferred tax assets of the same amount of ageas SA/NV
Value as per 30/06/10	<ul style="list-style-type: none">▪ Net-of-tax valuation call option on BNP Paribas shares estimated at EUR 759 mio;






* Because of the decision to move to a gradual exercise strategy, an extrapolated implied volatility is used without any discount

** Changed sensitivity relates to changed likelihood of various volatility scenarios

Overview funding structure Royal Park Investments

As per 30 April 2010*



	 State of Belgium (SFPI/FPIM)	 BNP PARIBAS	 ageas	 BNP PARIBAS FORTIS	 Royal Park INVESTMENTS	
Capital	740 (44%)	200 (12%)	760 (45%)			1,700
Senior		519				519
Commercial Paper					5,057**	5,057
Super Senior				2,980		2,980
Total Capital & Debt	740	719	760	2,980	5,057	10,256

* For more information see www.royalparkinvestments.com

** End of February, senior debt Fortis Bank fully replaced by commercial paper programme, benefiting from a Belgian State Guarantee.

Senior debt provided by BNP Paribas is not state guaranteed

ORIGIN

- Dismantlement structure with respect to assets of Fortis Bank, part of the sale of Fortis Bank to BNP Paribas
- Shareholders : Ageas (44.7%), Belgian State (43.5%) and BNP Paribas (11.8%)
- More than 40% of the portfolio has a rating superior or equal to BBB- (investment grade)
- Limited equity investment, major part debt financed
- All proceeds will be 100% used to redeem the debt related to Royal Park Investments (cash sweep)

ACCOUNTING

- Accounted as an equity investment of EUR 760 million, increased to EUR 840 mio as per 30 June 2010

Balance sheet items as per 30 June 2010

Nominal outstanding value of the assets	EUR 18.5 bn
IFRS fair value of the assets	EUR 7.6 bn
Outstanding debt	EUR 8.6 bn
▪ Senior debt	EUR 3.5 bn
▪ Commercial paper	EUR 5.1 bn

Income Statement related information (FY 09)

Interest payments	EUR 1.1 bn
Principal redemptions	EUR 141 mio
Result accounted for by Ageas under IFRS	EUR 0 mio

Income Statement related information (H1 10)

Interest payments	EUR 93 mio
Principal redemptions	EUR 889 mio
Result accounted for by Ageas under IFRS	EUR 23 mio

