

## Q3 2013 Earnings Call

### Company Participants

- Bart De Smet, CEO
- Christophe Boizard, CFO
- Frank Vandenborre, IR

### Other Participants

- Albert Ploegh, Analyst
- Ashik Musaddi, Analyst
- Benoit Petrarque, Analyst
- Chris Esson, Analyst
- Farooq Hanif, Analyst
- Jason Kalamboussis, Analyst
- Maarten Altena, Analyst
- Matthias De Wit, Analyst
- Steven Haywood, Analyst
- Tom Van Kempen, Analyst
- William Elderkin, Analyst

### Presentation

#### Operator

Ladies and gentlemen, welcome to the Ageas conference call for the nine months results of 2013. I'm pleased to present Bart De Smet, CEO, and Christophe Boizard, CFO.  
(Operator Instructions) Gentlemen, please begin.

#### Bart De Smet {BIO 16272635 <GO>}

Good morning, ladies and gentlemen; thank you all for dialing in to this conference call. It's a busy day for you, so we will present to you the nine months 2013 results of Ageas. I'm, as usual, joined in the room by the colleagues of the executive committee and also Antonio Cano, CEO of AG Insurance and, of course, our investor relations team.

Ladies and gentlemen. in line with our results in the first half, the Third Quarter has confirmed the earlier trend. Inflows, operating performance and net profit of insurance have all moved in the right direction, in line with the targets we communicated at the recent investors' update. And the results are well spread across all business segments.

FINAL

Bloomberg Transcript

The main headlines of the results announced today can be found on slide two in a textual format and on slide three in a graph format of the presentation. I will briefly comment on that.

The Group inflows, including the non-consolidated partnerships at 100%, amount to EUR17.8 billion, 15% up on last year. The Third Quarter of EUR5.3 billion is somewhat lower than in the previous quarters and this reflects a typical seasonal pattern. In addition, we continue to see growing volumes in Asia, but at a slightly slower pace than earlier this year.

If we compare this quarter to the same quarter last year, inflows are up 13%, marked by much higher inflows in Continental Europe. The latter did really well in the past quarter, with inflows up more than 16% year on year. This confirms the positive trends from previous quarters, with good volumes in Portugal, France and Luxembourg.

In Asia, inflows year to date amount to EUR7.9 billion, up 36%; the inflow levels from Ageas part amount to EUR8.8 billion, up 8% on last year on last year.

The net insurance profit amounted to EUR497 million, 11% better than last year. The net result in the Third Quarter amounted to EUR168 million, 14% ahead of last year's Third Quarter. Year to date, the improvements in results derived from the activities in Belgium and Continental Europe, the latter also benefiting from a positive non-recurring result in Turkey in the Second Quarter.

Looking at the split between life and non-life, most of the improvement comes from the better non-life and other results, up 19%. The total result amounted to EUR186 million, of which EUR58 million in the Third Quarter. The improvement related to a higher contribution from the non-consolidated partnerships in Asia and Continental Europe, and in operating performance, which remained strong.

The combined ratio of the consolidated activities improved again to 97.6%, again closer to the target of 97% set at the investor update. Prior year reserve leases overall reduced from 3.8% to 2.8%, while the current year claims ratio benefited from benign weather conditions.

The expense ratio suffered from lower average premiums and higher commission, especially in the UK.

The life results year to date amounted to EUR311 million, 6% up, helped by a strong Third Quarter result, especially in Belgium and Asia of EUR110 million.

The operating margin on guaranteed products at Ageas level remained steady at 87 basis points. And at 47 basis points, the margin on unit-linked products fits well within the target range we communicated. The year-to-date improvement mainly comes from the Belgian activities, with a net result of EUR190 million compared to EUR165 million last year.

The life technical liabilities for the consolidated entities remained stable, compared to the end of June, at EUR69 billion. In the non-consolidated partnerships, the technical liabilities amounted to EUR40.2 billion, up from EUR36.2 billion end of last year.

And the Group net profit amounted to EUR513 million year to date, with the net profit in general account of EUR15 million. Staff and operating expenses came down further year to date. And of the EUR127 million net loss in the Third Quarter, EUR108 million related to the revised calculation of the RPN(i) liability.

You will recall that we announced this during our investor update and that we published a spreadsheet on our website to help you to calculate this item. We nevertheless have the impression that not all analysts have used this when preparing their Q3 results preview. In the future, we will post the exact amount at the end of each quarter on our website.

To end, as usual a word on the evolution of shareholders' equity and solvency; shareholders' equity came down to EUR8.7 billion. A further decrease of the unrealized gains on fixed income, but also the inclusion in the Third Quarter of the planned EUR1 per share capital reduction, offset the addition of the positive Group net profit.

For your info, the payout date of the capital decrease is foreseen for December 13.

And lastly, the insurance and Group solvency ratio remained strong and steady at 210%, and 226% respectively.

Ladies and gentlemen. I would now like to hand over to Christophe, to comment on the respective business segments. Christophe, the floor is yours.

### **Christophe Boizard** {BIO 15390084 <GO>}

Thank you, Bart. To complement Bart's presentation, I will provide you with some additional comments on three things. The operating results by insurance segments; the general account, focusing on the RPN(i) liability; and then, the investment portfolio.

Let's start first with our insurance operations, and I am on slide four now.

Our Belgian operations reported a net profit of EUR247 million, 14% up on last year, benefiting from a solid Third Quarter, with a profit of EUR87 million, and driven by strong life margins.

Year to date inflows were down by 12% to EUR4.4 billion, with life inflow down 18% to EUR3 billion, as a result of the lower sale in individual savings, a fairly constant trend since the beginning of the year.

Individual unit-linked sales increased by 61%, supported by successful sale campaigns in the first half especially. Customer appetite for these products remained good in the Third

Quarter as well.

In non-life, gross inflows reached EUR1.4 billion year to date, up 5%, reflecting a combination of volumes and tariff increases.

Coming back on the net result, the life net result in the Third Quarter amounted to EUR68 million, 27% up on last year. Strong operating results and lower effective tax rate, following a different mix of investment results, were the main drivers.

The operating margin on guaranteed products remain stable from one quarter to another, and we are at 84 bps, and we are well in line with our target, while the operating margin on unit-linked products improved from 41 bps to 44 bps.

In non-life, the net result year to date amounted to EUR57 million, up 11%; thanks to a combined ratio year to date of 97.6%, which is a good performance, close to the medium-term target we said during the investor day.

The Third Quarter combined ratio stood at 97.9%, benefiting from a satisfactory motor performance, while the other segments retained the strong results from the previous quarters. And this, bearing in mind that the reserves have been strengthened with respect to the introduction of VAT charges on lawyer fees, as of 2014 on.

You may ask why we increase the reserve for something which will be enforced starting in 2014. This is related to technical reserve, where the lawyer fees will be invoiced for next year, even though the corresponding claims are booked as accounting year 2013.

The headlines for our second segment, the UK, can be found on slide 5. The net result year to date amounted to EUR87 million, slightly up, and with a Third Quarter net result of EUR29 million.

Year to date, the non-life result was up 6% to EUR77 million, including a net result of EUR14 million related to Groupama UK. Keep in mind that Groupama UK is consolidated now. It was not the case last year, since the consolidation took place in November of last year.

So this increase is largely offset by the lower result of Tesco, and, to a lesser extent, AIL; both businesses suffering from lower average premium and volumes in motor. Average premium across the market came down by 14% year on year, however.

The performance in household, on the contrary, remained strong, with a combined ratio of 86.3% year to date; obviously, benefiting from the benign weather so far, but also thanks to the actions taken in the past years.

Let me also highlight that the integration of Groupama UK within AIL, to create one single insurance business, was approved by the court in late October. So this means that the integration process is well on track here.

FINAL

Lastly, a word on our retail segment, where the net results decreased year to date to EUR12 million, including a one-off deferred tax benefit of EUR3 million, originating from the merger of Ageas 50 and Castle Cover. Here, the entire market, but especially the (inaudible) remained under heavy competitive pressure also this quarter.

On our third segment, slide six of the presentation, Continental Europe. The net result amounted to EUR63 million, 28% higher than last year, but with a net gain of EUR9 million, a one-off, due to the sale of a building in Turkey, for the first half of the year. Actually, we sold the headquarter in Turkey. So it's a one-off to be mentioned, EUR9 million.

The most important element here is certainly the excellent life inflow levels in Q3, amounting to EUR1 billion, 84% up on last year. We can mention Portugal, which had a very successful unit linked campaign. France did well too. In Luxembourg good news too; inflows continued to grow steadily, reflecting good wealth management businesses flows from the French business partners.

Non-life now. In non-life inflows year to date in Turkey were up 8%, despite our focus on profitable growth. As a result, our product mix in that country has evolved toward more household and less motor, which is a less profitable line of business.

The net results year to date of Continental Europe for life activities remain virtually unchanged at EUR36 million with a higher contribution from non-consolidated partnerships and the lower tax rate offsetting the lower result in Portugal.

The year-to-date non-life net result more than doubled to EUR26 million, entirely driven by the Turkish activities.

The combined ratio year to date remained excellent at 94.5%.

Lastly, Asia, so slide 7. No drastic change in trend versus previous quarters; if not, a more moderate year-on-year inflow growth compared to the first two quarters. Life inflows were up 40% year to date, but only 14% on the Third Quarter, so there is a slowdown here. Both the bank and the agency channels show growth percentages above 50%, partly explained, in the case of the agency channel, by the strong increase in the number of agents.

It is encouraging to see that, in the meantime, renewal premiums make up almost 50% of total inflows.

All countries show good growth except for Malaysia, where we are in a transition phase in both the bank and agency channels toward more sustainable regular premium, and this had some impact on the sale volumes.

The total net life results year to date amounted to EUR87 million, showing a decrease compared to the EUR92 million of last year, with the Third Quarter at EUR31 million

compared to the EUR23 million we had last year. Excluding the positive non-recurring items of last year, the net result improved by some EUR11 million.

Organic growth and a good investment performance across the region were partially offset by the higher business costs in China, especially in the first half, where we saw this very big development in the volumes.

This brings me now to the general account on slide 10. Bart already mentioned the net loss in the Third Quarter of EUR127 million, of which EUR108 million which was the consequence of the revised RPN(i) valuation methodology.

At the end of September, the RPN(i) liability stood at EUR279 million compared to EUR165 million at the end of December and EUR171 million at the end of June. So you can see the big increase at the end of September, obviously due to the change in methodology.

At the investor update we explained that the introduction of IFRS 13 imposed a review of the valuation approach of the RPN(i). More details on this change can be found in our interim financial statements, but during the investor day we explained at length all the different argument to change the methodology and we explained the new mechanisms, the formula, etc.

Lastly, staff and operating costs year to date amounted to EUR33 million, a reduction of EUR4 million year to date. Costs in the Third Quarter amounted to EUR13 million. Now you will remember that the general account, apart from all the financial legacies, includes the costs of the holding Ageas SA/NV.

With respect to the investment portfolio, slide 11, two comments to make. The total value slightly decreased to EUR74.7 billion, mainly due to two things. First, the reduction in unrealized gain and losses on the fixed income portfolio, but let's say, more or less half, and then the reinvestment of the NITSH I which took place in August and the amount was denominated in \$750 million.

You will remember that this NITSH I was 100% on lend[ph] to Fortis Bank, which is not within the consolidation scope, so in our investment it appear as an asset. And the call of this instrument is a decrease in the loan section.

The second comment I'd like to make on the investment, we have some limited reallocation on our asset mix, with a further slight increase in equities. Then the second element which brought attention is reduction in loans. It is due to the call of the NITSH I, as mentioned previously. The equivalent in euro is around EUR560 million.

Slide 11, solvency at 210%, so above our objective of 200%. Please keep in mind that here, we don't have any impact of a foreseeable dividend. It will be slightly different at the end of Q4 because, by the time we will release the result the dividend will be known, and the 210% will decrease towards the medium-term objective of 200%. So don't be impressed

FINAL

Bloomberg Transcript

by the fact that we are on a rising trend; that's kind of seasonal effect. We don't have a dividend (inaudible).

On slide 12 we have the breakdown of the evolution of the shareholder equity. Bart already mentioned the main element to explain the decrease. It came down further so now we are at EUR8.7 billion, or EUR38.30 per share. The move is essentially due to the recognition of the EUR1 per share capital reduction after the approval at the recent shareholders' general meeting. So it means that it is booked as a liability now, even though this amount will be paid in December as previously announced.

Two words on the net cash position general account, slide 13. The cash position stood at EUR2 billion, with only the expense of EUR33 million on the new share buyback program, as major movement, but let's say that things are stable here.

To end my presentation, two words on slide 17, the tangible net equity. The tangible net equity is at 90% of the IFRS equity, which shows the strength and the quality of the reported capital, so not a lot of goodwill or things of that kind.

Ladies and gentlemen. I'd like to end my comments here and to hand over to Frank.

**Frank Vandenborre** {BIO 15168443 <GO>}

Thank you, Christophe; thank you, Bart. Ladies and gentlemen. this concludes the introduction. Normally we allow you to ask three questions, but for the sake of time, and knowing that some other companies are also having their analyst call after us, we would propose to stick to two questions. And we propose if you have more questions and there is time don't hesitate to go back in the row of the other questions further on.

Thank you. Operator?

## Questions And Answers

### Operator

Thank you. (Operator Instructions) Ashik Musaddi, JP Morgan.

**Q - Ashik Musaddi** {BIO 15847584 <GO>}

A couple of questions. First, can you give us some color on your M&A strategy at this point, given recent press speculation that you are looking at some of the Italian non-life operations? Can you give us some color on what's happening and an update on that?

Secondly, your Asian earnings looks to be up roughly 10% year on year on a comparable basis, excluding the one-off last year. So how should we think about the run rate, going forward, i.e., 10% growth, is it a normal expectation that you have, or how should we think about that? That would be two questions. Thanks.

## **A - Bart De Smet** {BIO 16272635 <GO>}

Okay, thanks for the questions. On the first one, M&A strategy, I think, to be honest, that we can mention that nothing's changed compared to what we announced at the investor update. It means that we know that part of this EUR2 billion cash we have at this moment, we look at opportunities to invest in business. Of course, always in business where we can comply with the criteria that we've set.

One of the most important ones is to reach the 11%<sup>[ph]</sup> return on equity. We also gave some indications about what regions we look at this, meaning that in markets consolidation is certainly something we look at, and we also look to growing in emerging markets. But more than that, at this stage, I don't think we can tell, and we will stick rigorously to our prudence in terms of M&A, but nevertheless, look to potential nice opportunities to further develop the Group aligned with the vision we expressed a year ago and where we confirmed this in September.

For the second question, the Asian earnings. I think, as you can see also in the comments on the results end of Q3, that we have this more heavy impact in the immediate P&L of the strong growth in China. We do not expect that there will be fantastic changes in the profile of the growth in Asia, so we will continue to grow. We have also this ambition, we also, as indicated will look at investing more of our shareholders' equity in the growing markets.

So logically, and that's also part of the measures or the effects we announced to reach 11% return on equity is that we expect, in the future, a bigger contribution from the growing markets in the total net profit of the Group and the return on equity achievement. So it could be certainly translated in an ambition to grow the contribution from Asia in the years going forward.

## **Q - Ashik Musaddi** {BIO 15847584 <GO>}

Thanks. But just a follow-up on the previous M&A thing. Any comments you would want to make on the press speculation around you looking at Italian operations, non-life, to be more specifically the part that Unipol or Fon-Sai may need to sell in the future?

## **A - Bart De Smet** {BIO 16272635 <GO>}

We look at whatever opportunity that is in the market where we could be seeing some interest for us. And as you know, we will never comment on files<sup>[ph]</sup> if they're not more concrete. If time is there to communicate, we will do it.

## **Q - Ashik Musaddi** {BIO 15847584 <GO>}

Thank you.

## **Operator**

Albert Ploegh, ING.

FINAL

Bloomberg Transcript



### **Q - Albert Ploegh** {BIO 3151309 <GO>}

Two questions from my side. The first one is, are you already in a position maybe to give some quantification of the potential impact that the recent storms might have had on the Fourth Quarter results, especially on Belgium and the UK?

And the second question is related to the Belgium life operations, clearly decent margins. Can you maybe give a bit of your thoughts already on the potential profit sharing? Clearly, you provision also for that on a quarterly basis. And maybe can give a bit of an update on the competitive environment and is there any potential positive surprise coming in Q4, that you might can get away with a bit less profit sharing than you now probably expect? Thank you.

### **A - Bart De Smet** {BIO 16272635 <GO>}

Okay. I can be quite precise on the first question. I will be a bit more vague on the second one.

The recent storms, we estimate that the impact in Q4 of the storms we have had a week ago, so in Belgium, as in the UK, will be in the order of magnitude of something like EUR5 million. EUR5 million for each, UK and Belgium. This is after minorities, after tax. So that's what we assume as net profit impact.

For Belgium life, as you know profit sharing, first of all, is something that you only can decide once the full year has been completed, where in any case, we will look to the competition, but it's not that we try to be best or the worst. In the past years we've shown a quite stable profit sharing performance in the market which also led to a lot of trust of not only the distribution channels, but also the end customers, reflected in quite low lapses. So we will decide by the end of the year, but okay it will be, and that's not so secret, we will in any case, each time, also take our decisions linked to the margins we want to achieve.

### **Q - Albert Ploegh** {BIO 3151309 <GO>}

Okay. Very clear.

### **Operator**

(Operator Instructions) Matthias De Wit, KBC Securities.

### **Q - Matthias De Wit** {BIO 15856815 <GO>}

Two questions from my side as well, please. First on the sequential movements in insurance actually the[ph] solvency; it increased 4percentage points on the previous quarter. What is the main driver of this sequential increase? I noticed that in Belgium, solvency's strongly up, but in the Asia it is down sequentially, presumably because of the foreign exchange impacts. If you could just confirm this, please?

And also related to that, you're currently significantly ahead of the 200% target at hold co[ph] level. So should we already bank on increase in the remittance ratio from the units to the holding from the current 50% level over 2013? Or is it a bit too early to expect anything like that?

And then the second question is on non-life. The cost ratio is up almost 3percentage points in the first nine months of the year and so the improvement in the claims ratio is, therefore, partially offset. Just wondered if you see any opportunity to get the cost ratio down, either thanks to efficiency gains or other cost savings initiatives? Thanks.

**A - Christophe Boizard** {BIO 15390084 <GO>}

I take your first question regarding solvency. So maybe I was too quick in my introductory comments, but the effect is rather simple. The solvency increased by the retained profit quarter over quarter, so we don't distribute dividend based on 2013. You have this slightly increasing trend, and you are right that we gained, that we are up by 4 point, I think, with respect to what we had at the end of Q2.

When will we declare the dividend? This will go down, so let's try to give some rough figures. The base for the percentage is roughly EUR4 billion, so 10% point above 200% means EUR400 million; we are on the[ph] insurance code[ph]. So it means that as soon as you upstream EUR400 million of dividend coming from the subsidiaries you are back to 200%. You deduct holding costs and that's the base which is theoretically available to pay the dividend to the shareholders of Ageas.

So that's why I give you the big figures, to tell you that everything is consistent to maintain the objective of 200%, and we will do our best to come back to 200%.

**Q - Matthias De Wit** {BIO 15856815 <GO>}

So we shouldn't expect any increase in the payout ratio from the operating earnings to the hold co of the current 50% level then?

**A - Christophe Boizard** {BIO 15390084 <GO>}

I cannot be more precise at this stage; it's too early. I give you the main principal, but the objective is to stay at 200%. Obviously, the main driver is the dividend coming from the subsidiaries, so that's the adjusting factor.

**Q - Matthias De Wit** {BIO 15856815 <GO>}

Thank you.

**A - Bart De Smet** {BIO 16272635 <GO>}

And the second question on the increase of the expense ratio. If you go a bit more deeper into the segment figures, you will see that the increase is primarily due to the UK, where it's a combination of a change in product mix, also with integration of Groupama. Commissions are a bit higher because the products were also different products.

It's also linked to costs we have made in order exactly to reduce costs over time, so it's the synergy costs. It is not a Q3 impact; we already see it since the beginning of the year. I think the philosophy we follow, the strategy we follow, not only in UK but everywhere, is to be very attentive to, let's say, the positioning towards the peers, to be attentive to be in each of the markets where we play an important role, to be amongst the best in terms of cost efficiency in the markets.

And finally, as also indicated in the investor update, we manage the business in terms of the overall margins we make. So in order to achieve our 97% combined ratio, it's a combination of cost/loss ratio, but also expense, meaning commission and cost ratio.

Also, in Continental Europe, you see commissions going a bit up, but it is for instance also linked to the shift in some of the markets to a bit less in motor and a bit more in household which is on average increasing -- increased commissions.

**Q - Matthias De Wit** {BIO 15856815 <GO>}

Okay. Thanks.

**Operator**

Tom Van Kempen, Petercam.

**Q - Tom Van Kempen** {BIO 17194522 <GO>}

Two questions also from my side. The first one is you announced at the investor day that you were planning to transfer part of the FRESH capital to the insurance operations. I assume that it's a bit too early for Third Quarter results to actually see any changes there, but could you provide us with an update on where you are in that process as of today? That's the first question.

And the second one is, sorry to come back to this, but on acquisitions. It seems to me like there is not a lot of very appealing assets out there at the moment, at least in developed countries. Could you give us a bit more flavor at what you're looking at, at the moment; have you identified already several interesting assets and are you starting to look a bit more also at the emerging markets?

**A - Christophe Boizard** {BIO 15390084 <GO>}

Okay. I take your first question upon the FRESH, so first I think it's[ph] right to explain again the mechanism because maybe it was not 100% clear to everybody.

We won't move FRESH; the FRESH are held by the general account; they won't be moved. What we indicated during the investor day that we will kind of mentally rebuild and on the[ph] lending structure by matching on the asset side of the general account some loan to the subsidiaries with FRESH which are on the liability. Give leverage in the insurance scope and to create a positive carry in the general account tax free.

Now an update on the situation. We indicated a medium-term objective of EUR400 million during the investor day. What I can tell you is that things are on track; we are actively working with AG to put things in place. And I don't want to be extremely precise because things are not completed, but there is a high probability that something will be achieved by the end of the year, as announced during the investor day. So end of December you will see the first action visible in the financials.

FINAL

**Q - Tom Van Kempen** {BIO 17194522 <GO>}

Okay. Thank you.

**A - Bart De Smet** {BIO 16272635 <GO>}

The question on acquisitions, I think you're right, it's not a big list of potential targets. What we do and maybe sorry to repeat is that, first of all we look to opportunities that fit, or can fit with our strategic ambitions, but also with the financial conditions that we have explained.

We then look in Europe, you could say primarily in markets where we are present, because this could give us additional synergies. And we then look, of course, to positions in markets where we are, or also in new markets in the Asian region and, let's say, the growth markets.

But you're right to indicate that the list of potential targets that enter into that category in Europe, in any case, is fairly limited. And, okay, for the growth markets we continuously look around to grab interesting opportunities.

**Q - Tom Van Kempen** {BIO 17194522 <GO>}

Okay. So no real tendency, at this moment, confirmed that you are looking more towards the emerging markets than the developed ones?

**A - Bart De Smet** {BIO 16272635 <GO>}

As I say, if you look to the emerging markets I think it's also a bit linked to our profile. We will more look to the markets where the growth potential is still important, and we talk about markets like Indonesia, Philippines, Vietnam where we also can already with existing partners or on our own with strong local partners build something new. So it's more a smaller start, but with a high growth potential, one we have been able to show in countries like Thailand, Malaysia, India, China.

**Q - Tom Van Kempen** {BIO 17194522 <GO>}

Okay. Actually very clear. Thank you.

**Operator**

Maarten Altena, Mediobanca.

Bloomberg Transcript

**Q - Maarten Altena** {BIO 15898902 <GO>}

I have a question on the guaranteed margin, or basically the unit link margin after it dropped to 47 bps, albeit still within your target. I was just wondering how Asia develops within this margin story, and, or more specifically Hong Kong, following the organic growth which you mentioned on slide 28?

And my second question will be on the investment portfolios, whether you would be able to share your portfolio yields, your reinvestment yields and the guaranteed yield on your - the guarantees on your -- in the Third Quarter? Thanks.

**A - Bart De Smet** {BIO 16272635 <GO>}

Okay. Unit link margin, if you compare the overall Ageas margin with the one year ago, remind that one year ago there was, in Belgium, an exceptional income recovery from Lehman Brothers that influenced the margin positively.

If you look to the margins we make on the unit link in Asia, maybe important to indicate that the type of products is a bit different from the one we have in Europe.

In Europe, it's quite in line with just the mutual fund business, whereas in Asia, unit link is sold much more in a combination with protection business, which is one of the reasons why the margins are, in general, higher.

We have had a quite maybe strange first nine months this time in what you refer to, the slide on Asia which is the consolidated entity, so it's about Hong Kong. That's more linked to a number of non-recurring elements a year ago, and also, let's say, the fact that these products are sold with acquisition costs, which is not the case in Europe.

So the business is difficult to compare in Hong Kong with the one we have primarily in Luxembourg, Belgium and Portugal.

**Q - Maarten Altena** {BIO 15898902 <GO>}

But if I can add to that, so would you basically say that the faster you grow in Asia the better it is for the unit link margin, that's basically what you're saying?

**A - Bart De Smet** {BIO 16272635 <GO>}

In any case, that's overall an element in Asia, that in a number of these countries which still are in a position of what you can call an expense overrun. So the loadings in the products are not covering the costs we make, and as the portfolios are growing the more and more this gap is reduced and we'll come to a position where the expense margin becomes positive instead of being negative.

You take the second one, Christophe, the investment portfolio?

**A - Christophe Boizard** {BIO 15390084 <GO>}

What was the question on the investment portfolio?

**A - Bart De Smet** {BIO 16272635 <GO>}

The investment yields (multiple speakers).

**A - Christophe Boizard** {BIO 15390084 <GO>}

On the (reinvestment) yield you're right, that's something we disclose at every call. We are slightly above what we told you last quarter; the reinvestment rate is at 3.28%[ph] year to date, that's three quarters, so 3.28% year to date. And then if we take the investment yield on the whole portfolio it is closer to 3.8%, 3.9%[ph] and 3.28% on the new money[ph].

On the yield on the investment portfolio, it is pretty stable, thanks to the fact that we have no duration gap. You remember that the fact that we have zero duration gap on our portfolio means that we have stable margins on the in-force.

**Q - Maarten Altena** {BIO 15898902 <GO>}

And did the average guarantee come down further or --?

**A - Christophe Boizard** {BIO 15390084 <GO>}

And the average guarantee came down further, for sure, since we are in the decreasing trend. You remember we set the minimum at 1.5%[ph] beginning of the year, so now we are at 2.80% to 2.82%[ph], all in all weighted average.

**Q - Maarten Altena** {BIO 15898902 <GO>}

Perfect. Thank you.

**A - Christophe Boizard** {BIO 15390084 <GO>}

So it means that the margin quite decent[ph]. If you take into account the 1.5% of guaranteed rate and the fact that we invest at 3.28%, still okay, and is the reason why margin are stable quarter over quarter.

**Operator**

Steven Haywood, HSBC.

**Q - Steven Haywood** {BIO 15743259 <GO>}

I just wanted to know if you can give some more color on your Malaysian business, what are you saying about the transition between the agency and the banks and any kind of impacts going on here, and why sales are slowing down here?

And then also, on your UK acquisition of Groupama, what impact of the completion of the Groupama policy as a net asset transfer across does Ageas have after the Part VII

insurance business transfer was completed on October 31? Is there any other impacts in this line of business please?

**A - Bart De Smet** {BIO 16272635 <GO>}

Okay. Malaysia is a country which we have, for many years, quite stable results in terms of top line. It is not growing like we have seen in China or in Thailand. The most important change that has been introduced since the beginning of this year is a clear attention to move much more, or to give much more attention, to the regular premium than single premium. So the volumes in single premium have been reduced, and this is a safe transition process we will have to go through in the coming quarters.

It's something similar we have seen, if my memory is correct in 2011, I think, in China, where the inflow remained flat year on year. We really created a shift from the less profitable single premium business to the more profitable regular premium business. This is, let's say, the biggest target or challenge for the Company to make this transition. We see this change coming slowly in the figures; there is still some work to do. But we prioritize priority on, as well, transformation in the agent channel, but also the motivation of the bank channel to really invest much more in selling of regular premiums.

Then the second question on Groupama, I'm not sure I fully -- can you please repeat the question?

**Q - Steven Haywood** {BIO 15743259 <GO>}

It was with regards to the completion of the transfer of 1.5 million (multiple speakers)

**A - Bart De Smet** {BIO 16272635 <GO>}

So we received an agreement to merge Groupama with AIL. This is fully underway so, legally, we will move to one legal entity of regrouping the business from AIL and Groupama. We already moved people to the same buildings; works are done to integrate IT systems and so on. And if you look to the results of Groupama, we can say that they are above expectations for this year, and that we expect them to be performing more than what we initially expected when we closed the deal.

We already, of course, decided to acquire Groupama last year based on a more than solid business case and so, this time, we can confirm that expectations are higher for the future than what the business case has been.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Okay. So it's just a case of the integration process going over another step, really?

**A - Bart De Smet** {BIO 16272635 <GO>}

First of all, legally, there's another step but also, in the meantime, I must say that also all people working for Groupama and AIL, everybody knows there is future challenges. And

FINAL

Bloomberg Transcript

there is a nice mix of expertise from both companies that we believe will make the integrated company stronger than the sum of the parts.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Okay. Thank you.

**Operator**

Chris Esson, Credit Suisse.

**Q - Chris Esson** {BIO 6194371 <GO>}

Just two quick questions, please; firstly on tax. You did refer to it in the pack today, and it's pretty clear when you go through the numbers that there has been an element of tax rate benefit coming through the results, not enormous but still there. Just as we're thinking about 2014, should we think about 2013 or nine month 2013 levels as being normalized, or should we expect some sort of push back upwards and, therefore, a slight headwind in terms of the net result, looking forward?

Secondly, just going back to Ashik's initial question on Asia. So in Taiping Life we have seen agency numbers increase sharply; there was also a big push on sales volumes in the first half of the year. Is it possible to quantify what that has meant in terms of incremental cost, in terms of strain for you? And is that heavy investment, heavy growth phase likely to persist into next year, or should we expect it to fall out? Thank you.

**A - Christophe Boizard** {BIO 15390084 <GO>}

I'll take the tax question, so on tax I consider that 2000[ph] is more, let's say, the reference under[ph] the normal tax rate. The difference comes from the different taxation of capital gain in Belgium. In Belgium when we realize capital gain on equity you pay no tax. This year we have some capital gain coming from equities, this is tax free and the average rate goes down. Last year it was more on bonds, and on bonds you pay the taxes.

It's a mix, according to the capital gain composition, if it is bond equity real estate but I would say 2013 is quite normal and standard.

**Q - Chris Esson** {BIO 6194371 <GO>}

Okay. Thank you.

**A - Bart De Smet** {BIO 16272635 <GO>}

Okay. The question Taiping and the strong increase of number of agents, indeed it has been doubled over time[ph], number of agents, which means a lot of upfront costs in recruitment, in training, but also in financing the new business that these new agents have been writing. So knowing that this is a channel that will primarily work on regular premiums, you can expect that, first of all, the initial training costs they have been taken fully in the first year, that this will help, on one hand, to support future growth. Secondly, in a profitable business line and that there, again, also the effect on costs will be positively



influenced by the future growth at that moment becoming more and more an experienced channel.

But of course, you understand that we cannot give detailed figures as the mother company is also a listed company. But I would say a big increase now so it has an impact on cost, but this is something that, over time, should fade away, thanks to continued growth in a profitable product range.

**Q - Chris Esson** {BIO 6194371 <GO>}

Okay. Thank you, very much.

**A - Christophe Boizard** {BIO 15390084 <GO>}

One element on taxes, one additional element; I was telling you that 2013 is quite normal to support this. We have some unrealized capital gain on equities now, EUR300 million if I remember correctly, so it means that, in the future, we may assume that some normal rates of realization of capital gain will take place.

**Q - Chris Esson** {BIO 6194371 <GO>}

Okay. Thanks.

**Operator**

William Elderkin, Goldman Sachs.

**Q - William Elderkin** {BIO 3349136 <GO>}

Just two questions on the UK non-life business, please. First of all, in the UK non-life investment result, on a quarterly basis that seems to have been fading quite substantially quarter on quarter; I think it was EUR15.2 million in the Third Quarter compared to EUR22.4 million in the second and EUR19.3 million in the first. Could you just explain what's going on with that and whether that just respects a short duration and that's the kind of number we need to work with, going forward?

And then secondly, in terms of the UK claims ratio, combined ratio, I find that quite difficult to forecast quarter on quarter. Are you effectively pricing for a target combined ratio of around 97%? Would that be a good way of thinking about things, looking ahead?

**A - Bart De Smet** {BIO 16272635 <GO>}

So the first question was about the investment result in UK non-life?

**Q - William Elderkin** {BIO 3349136 <GO>}

Exactly; it seems to have been fading quite substantially quarter on quarter this year.

**A - Christophe Boizard** {BIO 15390084 <GO>}

FINAL

Okay, so maybe I can give you some elements on the UK. So on the UK first, in the past quarters, we realized some capital gains on bonds, which boosted the result. Now, the capital gain conduct[ph] this is due to the fact that the asset allocation in the UK, in the start we consider it was too conservative.

We are changing our views and trying to boost the result. We have hired a new asset manager in the UK, so we are a little bit in a transition period and so we are moving assets from -- and we have the high production of AAA bonds. We realized the capital gain to move towards another asset. So it's the reason why you have this impression of decreasing trend.

We have realized capital gains and we had a high level of cash. Obviously, with the two-year yield and three-year yield[ph], and now we are implementing the new strategic asset allocation, so a kind of transition phase here on the assets.

#### **A - Bart De Smet** {BIO 16272635 <GO>}

Maybe to add to Christophe's comments, so if you look to the full year, the investment result is stable, EUR56.6 million, now EUR56.9 million.

There is, indeed, a change in the Third Quarter last year. We had EUR7 million cap gains more than this year. And for the full year, we have EUR8 million cap gains less than last year. So with a stable investment result over nine months, but lower capital gains, you could say that the average performance, excluding cap gains, has been better.

And then the combined ratio, so the combined ratio, also for us the target is 97%. We are not that far away. Of course, the market is very competitive. We have, as mentioned in the introductory intervention, benign situations in household.

And we have, of course, the potential, like all our competitors, in the market on motor to see to what extent the reductions in premiums really covered reductions in claims that are expected. But we cannot say how then, first of all, the 97% target is an overall Ageas target, but we, at this moment, try to achieve it in all the market where we are active.

#### **Q - William Elderkin** {BIO 3349136 <GO>}

Okay. So that sequential drop on the investment income it's in the UK, essentially[ph], that the Third Quarter has very little, if any, capital gains within it compared to the first and second?

#### **A - Bart De Smet** {BIO 16272635 <GO>}

Even there, I think the effect of cap gains is something like EUR6 million for the full year. It was EUR14 million a year ago and so I think out of the EUR6 million, EUR2 million was this quarter for 2013 and it was EUR9 million a year ago. So that's --

#### **Q - William Elderkin** {BIO 3349136 <GO>}

Okay. All right. Thank you, very much.

**A - Christophe Boizard** {BIO 15390084 <GO>}

But we had the temporary cash position, which is one of the explanations too, but temporary cash.

**Q - William Elderkin** {BIO 3349136 <GO>}

Sure.

**Operator**

Benoit Petrarque, Kepler.

**Q - Benoit Petrarque** {BIO 15997668 <GO>}

Just to come back on the pricing on non-life, what trend do you see currently? You have been putting in your slides that we have seen so far minus 14% decrease in motor and non-life. What do you see sequentially quarter on quarter? Is that still worsening, or do you think the worst is behind us?

What will be the strategy of Ageas versus this pricing pressure? Are you participating to the game or are you -- what will be the strategy in looking into 2014?

And could you also talk about pricing of non-life in Belgium? I think gross written premiums were up nicely again at 4% this quarter. So could you talk a bit on pricing there?

Then I was surprised by the low production levels in unit link in Belgium in the Third Quarter. I think it's down 32% year on year in the Third Quarter. I just wanted to know why. What is happening there? I think initially, we were expecting some pickup in production there.

And what is your view on the production of guaranteed products in Belgium? It's down 13% year on year in the Third Quarter. What is your market share doing in Belgium life on the guaranteed side?

And then thirdly, could you just update us on the legal action that is taken by RPI against the large banks? Is there any updates to be provided there?

**A - Bart De Smet** {BIO 16272635 <GO>}

Thank you, for, at the end, maybe five questions. I'll answer most of them. The last is for Christophe.

First of all, with respect to UK, what we see, and it's quite clear, is that premiums come down in the whole market, also in our portfolio. But we also see the frequency coming

FINAL

Bloomberg Transcript

down. We see the severity of the claims coming down. So we believe that there is no reason to be really, let's say, too much puzzled about it.

But having said that, we are more on the side where we, in any case, prefer profitability above volume. So we will not enter into the volume game and we will be very cautious. It's one of the reasons, for instance, why we didn't get Tesco. We moved from, let's say, targeting all kind of clients of Tesco to the more loyal clients of Tesco, which is going to the less risky segments where, of course, the average premiums are lower, and this is what you see in the premium volumes.

Pricing in non Belgium, I would say, and I talk a bit under control of Antonio who is here sitting next to me, we don't see any tendency of reducing prices. And I think you can expect again that, certainly in some product lines, prices will slightly go up, as it has been done in the previous years.

We have this additional VAT on lawyer fees that is introduced as of next year. So this will certainly have an impact on the premiums -- of the pricing of the products where these kind of interventions from lawyers is foreseen.

Maybe one remark still to give on the UK non-life, the average decrease in the market is 12% to 14%. In our case, it's more on average something like 5%, the reduction.

Then, the third question was about the unit link and why less in Q3 in Belgium. Unit link in Belgium is not a product that is sold in, I would say, a continuous recurring way. It's always linked to campaigns. The biggest producer is, of course, the bank. So it's more a question of campaigns that are set up or not and Q3 being also a quarter with two months where people are on holidays. It's not the ideal month for campaigns.

So what we see, in any case, that the volume in unit link for Ageas doubles and that the market share is going up, which is also the case in the guaranteed business. So the market is -- and lot depends on what kind of products you take together. But if you look to the individual life markets, I'm not talking about group life where volumes go up, individual life market in Belgium is minus 29% after six months, and AG was minus 30%[ph].

So there is a decrease, but we believe that our decrease can be kept at a lower level than the industry; primarily also, thanks to a quite solid and stable profit-sharing policy over the past years. And I think the consequence of this always that we, again, take some market share in life in Belgium. But we will not -- because that could also be a question are you intending to increase the guaranteed rate. This is not at all on the agenda, not for us. I don't think that competitors in Belgium think about raising the guaranteed rate. So there is also, from that side, quite some discipline in the market.

**Q - Benoit Petrarque** {BIO 15997668 <GO>}

Okay.

**A - Bart De Smet** {BIO 16272635 <GO>}

And then the last one, Christophe?

**A - Christophe Boizard** {BIO 15390084 <GO>}

So RPI, two points. First, from an administrative standpoint, I would say that everything is proceeding according to plan, which means that the last instrument will be moved to the buyer this month. The capital reduction and annual[ph] capital reduction is contemplated and is on the agenda of upcoming Board of this month. So we expect something, but nothing new according to plan.

The DTA[ph] we have is confirmed, and will be repaid by the Belgian tax authority. So I would say all the indicators on the administrative standpoint are on the green. No problem. But I guess you are more interested on the claim side. Despite the intensification of news flow, the discussion, nothing to report here. And we have really no striking news on our case. We will be meeting our lawyers in the coming weeks. What I can only confirm is that the amount of claim is around EUR3.8 billion, and I have nothing new to report.

**Q - Benoit Petrarque** {BIO 15997668 <GO>}

Thank you, very much.

**Operator**

Jason Kalamboussis, Soc Gen.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

I just have two quick questions. The first one is on your combined ratio in Belgium. If I look at the expense ratio, it has been remarkably stable over the last years. But when we look at what some of your peers are reporting in their segmental reporting for Belgium, they do seem to be showing expense ratios that are closer to 30%. Is it an area where you think that, at a certain point, you could improve? Or should we assume that this ratio is the one that we should be seeing, going forward?

And the second thing is, in Asia, the earnings are coming very nicely in most of the non-consolidated markets. I just wanted to understand, on Hong Kong, when we look at the EUR34 million[ph] that you had as net income last year, how much of it is one off? And if we look, for example, now we have the Third Quarter was just a bit better, but how do you see it basically? What should we be thinking as a more normalized number, going forward, specifically for Hong Kong?

**A - Bart De Smet** {BIO 16272635 <GO>}

The first question, I mentioned it earlier, we quite in detail look at all the peers in Belgium in terms of cost expense ratios, which is costs and commissions. And you can see if you look also to the publicly available figures that the expense ratio of AG Insurance is, on average, 2% to 3% lower than the industry. That, compared to the main competitors, it's

primarily the difference is made in the costs, not in the commissions, of course, that are more market norms.

To give you some figures, the commissions in the market for car insurance are something like 16%; for fire insurance, it's 27%. So peers having an expense ratio, so including commissions of 13%[ph], we don't know them, so probably. I'm happy to discuss it with you maybe in a separate call with investor relations. But as mentioned, we look to the peers every six months. And that's what -- three zero, I'm sorry, I understood 13%. 30% even there. The only possibility you could have really is a player who is not working with distribution that is commission.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

And the product mix differences.

**A - Bart De Smet** {BIO 16272635 <GO>}

As mentioned, fire insurance, where we have a 30% market share, has a commission of 27%. Car insurance, where our market share is more something like 15%, the commission ratio is 16%. So we, of course, follow a bit the commission rates that are applicable in the market.

But on costs, so the costs we control ourselves. There we are, on average, 1% to 3% lower than the competitors. And again, we manage the non-life business based on the combined ratio. So in some cases, you can reduce your costs by being less stringent, or attentive, on underwriting in place management. But that 1% less costs can give you 3% more loss ratio.

So we look to the combined result. And if, of course, one day we see that the prices are going down, that losses are going up, and that costs make that we are not profitable, we will have to look at other ways what we, for instance, do in some product lines where we invest in IT, which is also embedded in our cost ratio, in order to be able to work more efficiently in the future.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

Fair enough.

**A - Bart De Smet** {BIO 16272635 <GO>}

And Asia, Hong Kong, I think the non-recurring, we referred to in the press release, for last year was EUR8 million. So this year there's nothing non-recurring. So you could say that something like EUR30 million on a yearly basis is quite reasonable in the current context. And this is including the amortization of VOBA.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

Very good. Thank you.

## Operator

Farooq Hanif, Citi.

### Q - Farooq Hanif {BIO 4780978 <GO>}

I've just got a couple of questions left. Firstly, going to Belgium and looking at the level of reserve releases, they've always been very, very, high. And obviously, this quarter, you've had a one-off strengthening because of the VAT. But I was just wondering if you could comment a bit about the trends there. How much of this is releases particularly of old books are running off? And how much is regular? If you could talk about trend there, that would be great.

And, secondly, going back to the UK, and the integration of all of your brands now to be underwritten by ALL, could you talk about what potential costs savings, or other benefits you're going to have in your numbers, going forward? Thank you.

### A - Bart De Smet {BIO 16272635 <GO>}

I think the reserves release in Belgium, if you compare to the UK, are indeed higher. But if you look over time, they are relatively comparable and stable. It's not that you see big hits[ph] unless some periods when there was, in most cases, an external event leading to a strengthening of reserves.

Like this year, the decision on application of VAT on lawyer fees, which is, of course, for the future business will be included in the pricing. But for the book of claims still under management, it has had an impact, a one-off that has been in the Q3 figures. I think the main reason you can see for a higher release is that the typical attitude in Belgium is to have quite prudently reserves policies so that -- the market as a whole prefers to have some included prudence compared to what we've previously seen in the UK.

### A - Christophe Boizard {BIO 15390084 <GO>}

So it is a kind of proportionate[ph] effect, and after all in all, if you are in a steady state, the whole year combined ratio is the same at the end, proportionate, because it means that in Belgium you are a little bit more prudent on current year. And you have the relief coming from the previous year, whereas you are closer to the expected cost of claims in the UK whole years combined. But the whole year combined ratio is more or less the same instead steady state[ph].

### Q - Farooq Hanif {BIO 4780978 <GO>}

So you see no reason for that high level of contribution to the combined ratio from -- there's no reason to change basically at all, going forward.

### A - Christophe Boizard {BIO 15390084 <GO>}

No.

**Q - Farooq Hanif** {BIO 4780978 <GO>}

Thank you. And the UK?

**A - Christophe Boizard** {BIO 15390084 <GO>}

The actuarial training which --

**A - Bart De Smet** {BIO 16272635 <GO>}

So I would say in the UK, the integration of the brands in ALL, so ALL, GICL, this is something as mentioned going on where we have factors that the effects of the merger will be more positive than the one we initially expected in the business case. We do not really, to the outside world, quantify this. And I hope that we will be able to show this in the cost ratio, going forward.

**Q - Farooq Hanif** {BIO 4780978 <GO>}

But just to ask, when you said the effects are more positive, you seem to be implying that basic Groupama is doing really well in terms of profitability, but I'm just wondering, is part of your comment to do with just synergies, basically?

**A - Bart De Smet** {BIO 16272635 <GO>}

No you have synergies on the two levels. You have, first of all, commercial synergies in the sense that the product range has been widened, primarily more towards commercial lines, and some very typical products that we did not have within ALL. So it means it creates synergies in being able to offer a nicer portfolio of products and activities to the dissolution channels we work with.

Besides that, of course, at all levels, there are synergies. I already talked about moving to one building; having -- of course in everything which is support services you have synergies. And also in IT there are synergies because you will have more volume on one single platform. So what we also had to look at is, of course, and that's still in the figures, so it will be positively affecting the future, a number of costs like, for instance, the branding. Also informing all the clients about these changes. But this is one off, and we expect that the positive synergies and the cost savings afterwards will be more than what we initially integrate in our case when we offered for the price to buy Groupama.

**Q - Farooq Hanif** {BIO 4780978 <GO>}

Okay. Thank you, very much.

**Operator**

Jason Kalamboussis, Soc Gen.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

Just coming back for a quick one. On the net cash position, in the past we have had indications that about it was EUR900 million and a bit above EUR1 billion. But there was a



buffer capital or net cash that you wanted to keep at Group level and that was in general, given litigation, so far you have had in general mostly positive developments. But it's something that you had indicated that you would like to have.

Is it fair to assume that you continue to think this way; that means that you do want to have a net cash position of about EUR1 billion and a bit, and, therefore, that the M&A that we could think about, it's something that's certainly not any more a bolt-on acquisition, but that it is within that limit, if you want.

And the quick second one is, do you -- are we likely to see in Asia, irrespective of you going to new market, another capital, more capital going into your Chinese partner in the Fourth Quarter, like we saw in the beginning of this year, the EUR77 million?

**A - Bart De Smet** {BIO 16272635 <GO>}

Okay, the first question. We probably were not clear in the past, but I think that we never - I not only think I'm sure, we never communicated any amount that we see as a buffer capital for litigation. The only thing we said in the past, and what we keep saying, is that we will always look to be, as well for solvency reasons, as for liquidity reasons, try to be in a position where we keep our hands free and can be flexible in primary targets which is further building and construct this Group. So there is no amount; there never has been an amount dedicated to whatsoever specific use.

For Asia, okay, it is clear on one hand that we also indicated that you want to invest in the future more shareholders' equity in the growth markets. Also with the volume growth and to follow profit growth in China, it is not excluded that there will be a moment where additional capital has to be injected in China, as we did in the beginning of this year. But there is no timing; we will see how the business evolves in that region.

**Q - Jason Kalamboussis** {BIO 4811408 <GO>}

Good. Thank you, very much.

**Operator**

There are no more questions in the queue. (Operator Instructions)

**A - Frank Vandenborre** {BIO 15168443 <GO>}

Okay. Operator, may I suggest to close the Q&A session and to ask Bart to give his closing comments?

**A - Bart De Smet** {BIO 16272635 <GO>}

Okay. Thank you, Frank. I will be very, very short. Ladies and gentlemen. thank you for your very good questions. As usual, I'd like to end the call with the main conclusions; there are three.

One; our nine month results confirm the positive trends that we observed in the previous quarters. Two; I see progress in all important KPIs across the segments, and certainly in those for which we have set targets at the recent investor update. And three; our focus and challenge is to maintain this performance and to further improve, where possible, taking into account, however, the challenges we have in certain of our markets.

Please do not hesitate to contact our investor relations team should you have outstanding questions. Thanks for your time. I wish you a very good day. Goodbye.

## Operator

Ladies and gentlemen, this concludes today's conference call. Thank you, all for attending.

---

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*

FINAL

Bloomberg Transcript