

## Business Update Call

### Company Participants

- Bart Karel de Smet
- Filip Coremans
- Unverified Participant

### Other Participants

- Albert Ploegh
- Ashik Musaddi
- Benoît Pétrarque
- Matthias de Wit
- William H. Elderkin
- William Hawkins

## MANAGEMENT DISCUSSION SECTION

### Bart Karel de Smet {BIO 16272635 <GO>}

Ladies and gentlemen, good morning and thank you for joining us at such short notice at the start of the trading week. We wanted to have the opportunity to brief you in person following our important announcements of this morning. I'm joined in the room by my colleagues of the executive committee of Ageas and our Investor Relations team. We also have members of our legal team here today in the event you ask more technical questions.

This morning, I'd like together with Filip to provide some further context to the settlement, expand on what it means for Ageas, and importantly, what it means for potential claimants. I will also outline the next steps, as this is one of a process that takes time before being completed.

As CEO of Ageas and on behalf of our entire board and management team, I'm very pleased that in conjunction with the number of claimants' organizations, we are in a position to put forward for the first time the complete proposal for global settlement related to the Fortis events of 2007 and 2008.

And just to be clear, this is without admitting any wrong doing on the part of Ageas. Clearly, this had been a difficult few years for everyone. The events of 2007 and 2008 caused a great deal of anger, frustration, and financial losses for many families, individuals and investors. Ageas, I'm pleased that we have been able to arrive at the proposal that

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will provide some compensation for those financial losses but also for the sorrows caused.

There is, of course, no perfect solution for every individual or every organization, but I'm hopeful that all parties will see the benefit of opting for an amicable solution and that this will help all parties to draw a line and what has been a lengthy and complex legal process. Regarding today thanks also to the claimants' organizations involved being Deminor, Stichting FortisEffect, SICAF and VEB, who showed the willingness to sit around the table and talk. These parties represent a vast majority of the shares represented by active claimants, and as such, we felt comfortable and also obliged to communicate the details of this settlement.

In reaching this agreement, I can assure you that all parties have strived to arrive at a fair allocation of the total settlement amount to the eligible shareholders. As a group, we of course welcome this settlement as an important step forward in allowing us to regain full strategic and financial flexibility.

The settlement brings with it greater certainty and transparency around this long outstanding issue. We will also be able to focus exclusively on our core business and the realization of our Ambition 2018 strategic plan that we announced in September last year.

For our current and our future shareholders, I believe that lifting the uncertainty caused by the open legal action can only lead to a more transparent valuation of Ageas.

Due to the legal structure of the agreement, you will appreciate that we are not in a position today to disclose all the details on the proposed settlement, but those details will be available in due time and eligible shareholders will be informed accordingly.

The proposed settlement falls under the Dutch Act on the Collective Settlement of Mass Damage Claims, the so-called Wet Collectieve Afwikkeling Massaschade or WCAM. In short, WCAM is a legal procedure under Dutch law whereby parties through an out of court settlement agreement can jointly request that the court in this case, the Amsterdam Court of Appeal, declare the proposed settlement binding on all beneficiaries of the settlement.

It's very important to mention that the WCAM procedure is also by law an opt-out procedure or in other words not an obtained procedure. This means that all eligible shareholders are bound by the settlement if the court issues a binding declaration, unless they opt-out.

But before taking the final decision, the court firstly has to test two crucial elements among other things. One, the representativeness of the organizations, and two, the reasonableness of the proposed settlement. We're all confident that the proposed settlement will meet those requirements and will receive the approval of the court.

And lastly, the settlement agreement is also subject to a termination right. This refers to the right of Ageas to terminate the settlement, if the agreed opt-out ratio is exceeded, which is a legally foreseen possibility in the WCAM procedure. This legal procedure has existed under Dutch law since 2005, and so far, eight settlements have been declared binding, among which the Shell settlement is perhaps the best known.

Ladies and gentlemen, I propose now to hand over to Filip Coremans, our Chief Risk Officer, also responsible for legal to provide you more details about the settlement procedure.

### **Filip Coremans** {BIO 17614100 <GO>}

Thank you, Bart. Thank you, Bart. Ladies and gentlemen, there are, indeed, still a number of key milestones that we have to pass in the WCAM procedure, which are on itself, pretty standard and because of that we can already share with you. I also want to refer in that context to the Annexure to the press release, because it is a rather technical matter, but you'll find a write-up on the same, in the next to our press release.

So firstly, the parties involved in the procedure will have to officially file a request with the court. We would expect this to happen within two months starting today, or in other words by mid-May 2016. Secondly, the court will initialize a pre-hearing with the petitioners on organizational matters, which typically takes between two months to four months. After this, the interested parties will be notified that proceedings for the binding declaration have been initiated.

Within this period, claimants have the right to submit a written defense against the binding declaration. The court will also organize hearings for these parties. Typically, this part of the process will take between six months to nine months. We could say that it takes about one calendar year before we will finally know if the proposed settlement becomes binding or not. If the settlement is declared binding, the interested parties will be informed about this declaration in order for them to decide whether or not they wish to opt out.

It is as of here that eligible shareholders can start preparing their file for compensation. Eligible shareholders can exercise and opt out for a period of three months to six months. Ageas has included a termination right provision in the settlement agreement. It has set a maximum acceptable opt-out ratio and it can terminate the settlement if this ratio is exceeded.

And finally, assuming a green light, distribution of the claim amount will start. This is estimated to start from three months after the end of the opt-out period. Please note that the completion of the payment of all the respective settlement amounts to each individual could take about a year and that typically two rounds, sometimes three rounds of disbursement take place.

These previous legal steps mean that from the date of announcement to the proposed settlement of the finalization of the whole procedure, until the start of the payments, we

would be looking at a period of at least 18 months, but whilst the protected timeline is mainly a fraction of the due legal process, we recognize our duty to communicate and we will ensure that we proactively communicate at all of the key stages of this process. You also understand that there is no need for individual shareholders to rush to their bank to collect all kind of evidence at this moment, as there is still enough time left to prepare their file.

Let me drill down now to the detail of what has been agreed and who may be eligible to receive compensation. The total proposed settlement amount is €1.204 billion, plus €45 million a compensation for the efforts of claimant organizations.

To be potentially eligible for compensation, eligible shareholders must have held Fortis shares, so-called Fortis units at any time between February 28, 2007 Close of Business and October 14, 2008 Close of Business. Just to make it clear the compensation amount per share will refer once announced to the amount of outstanding shares before the reverse split of 10 to 1, which was effected in 2012.

Also, important to note is that eligible shareholders will have to waive all further rights to compensation in any form, from any party related to the events that took place during the eligible period. The full structure of the settlement, including compensation amount per share and per category of eligible shareholder, cannot be provided at this stage.

At the time of the filing of the settlement proposal, so within about two months, the entire settlement will be public and more information will be made available via a press release by Ageas. It is important to note that even then amount mentioned will only be indicative. This may still be subject to change, as the final compensation amount per share can only be defined after the claim form submission period and the final amount of eligible shares per category is known and final.

Today, however, we are already providing some further details also in our press release on how we are defining the various categories of eligible shareholders. In fact, there are four main dimensions that will determine the future compensation per class of eligible shareholder. The first one being the reference period. Here the parties took into consideration the various litigation procedures and the main allegations and judgment rendered so far.

Those of you who are regularly with us in the call, these are the three periods that we have usually referred to when we comment on our update on the contingent liabilities. So, the first period, period one, starts on September 21 until Close of Business on the November 7, 2007, and mainly related to the Fortis communication regarding its subprime exposure.

For your memory, this is also the period which we used to refer to as the AFM II period and it is the period during which Fortis organized the capital increase in the context of the acquisition of the parts of ABN AMRO.

The period two starts on May 13 until Close of Business, on the June 25, 2008, which relates to Fortis communication on its future solvency after full integration of ABN AMRO, so-called AFM I period. This is also the period relating to the FSMA procedure in Belgium.

And finally, the third period, from September 29 until Close of Business on October 3, 2008 related to the Fortis communication on the deal with the Benelux governments. This is what we referred to as the FortisEffect period.

So an eligible claim can only be introduced if the shareholder bought or held Fortis shares during any of the three reference periods, and still at least until the end of that reference period.

The second dimension is the distinction between so-called buyers and holders. The basic principle of the proposed settlement and this is based on U.S. case law is that only persons of both shares during a reference period, which is a period of alleged price inflation due to alleged miscommunication and so, if these persons kept them at least until the end of that period, they are deemed eligible for compensation. This category of shareholders are called the buyers.

Within the context of the proposed settlement, this category of shareholders has been given priority, based on the economic and legal logic.

However, there is a second category called the holders. These are the people who bought shares outside these reference periods and still held these at the end of that same period. Part of the settlement amount is reserved for this category of people, who'll also be eligible for compensation. This is to recognize the fact that Ageas at - or Fortis at that time had many long-term shareholders, who would otherwise not receive any compensation.

The third dimension is a notion of non-active claimants. An active claimant is an eligible shareholder, who has initiated legal actions or actively adhered to collective action before December 31, 2014. Details on what is required to prove a person as an active payable will be provided at a later stage, while more precisely, once the Amsterdam Court of Appeal has declared the settlement binding. It is obvious that in case of a settlement, these persons are indeed considered.

However, on top of that, our Ageas has foreseen a substantial additional budget for non-active claimants, which are eligible shareholders, who joined the settlement, but who did not initiate a legal action or actively adhered to collective action before the December 31, 2014. So all eligible - to put it differently, all eligible shareholders that are not considered active, will actually fall under this category.

Finally, all parties to the deal agreed that as the gesture of goodwill, part of the total amount will be reserved to pay so-called claim form compensation. To all those who fill out value claim forms and who can prove to have had Fortis units anytime, between February 28, 2007 and October 14, 2008, Close of Business. This is anytime within the eligible period.

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At this moment, as we already indicated, we are not in a position to provide more granular information at this early stage. But I hope you will agree that in the interest of all parties and to manage expectation, it is better to only provide the details when we have accurate information. This has always been Ageas trademark. We are preparing a calculation module that will be put at the disposal of all shareholders at the time of the filing for court. This should enable shareholders to estimate their potential compensation under a number of assumptions, of course, and due to what we said later confirmed earn-out or booked-out percentage.

Of course, we are also putting in place an extensive communication plan. As we are aware that this touches heavily and especially our retail shareholder base. A call center has been set up, with dedicated phone numbers and extensive communication to all stakeholders will take place to ensure that everybody is made fully aware of the settlement and the information we can share at any moment.

We have also foreseen a dedicated website and a dedicated mailbox. So ladies and gentlemen, after this, let's say, more technical section of description of the dimensions of the settlement, I please pass over again to Bart for an overview of the financial consequences for Ageas of the announced settlement.

### **Bart Karel de Smet** {BIO 16272635 <GO>}

Thank you, Filip. Ageas has also issued in parallel to the joint press release a second announcement. As part of its standard governance process, Fortis had insurance policies in place for its directors and officers, the D&Os, to cover them against their general responsibility to manage the company, but also more specifically, with respect to the public rights issue, which took place in 2007.

Until recently, the D&O insurance refused their intervention in the context of these policies and Ageas went to court to challenge this position. Today, Ageas, as legal successor of Fortis and all D&O insurance companies, agreed a settlement whereby the insurance will contribute a settlement amount of €290 million.

Under this settlement, Ageas and all directors and officers involved in litigations and BNP Paribas Fortis released the insurers from all responsibility under the policies. In the return for the release given by D&Os and BNP Paribas Fortis, Ageas agreed to provide them some protections. This amount of €290 million will be used as partial funding for the global settlement agreed with the claimants' organization with respect to the Fortis events in 2007 and 2008. The proposed settlement does not free-up Ageas from all civil and criminal procedures.

A criminal procedure in Belgium is not and cannot be included in the settlement and the persons opting out retain the right to initiate or to continue civil legal proceedings. Before opening up for Q&A, let me briefly comment on the financial impact of this transaction for Ageas.

First of all, the financial impact of the transactions will be recognized in the Q1 2016 IFRS financial statements that will be published of May 19, 2016. The following items are the main areas of impact. First of all, and I refer you to slide four in the back, the group net results. The net impact of the various transactions amounts to €889 million and this is the result of the provision of €1.204 billion plus €45 million related to the agreement with the claimants' organizations, plus an additional provision of €62 million related to the tail risk which we estimated 5% of the total settlement amount.

And from this amount, we deduct the settlement amount with the D&O insurance of €290 million, but also the provision for litigation that we set up in 2014 in the context of the FortisEffect judgment which amounted to €132.6 million.

Secondly, the Solvency II position, the Insurance Solvency II ratio that stood at 182% end of 2015 remains, of course, unaffected, while the estimated impact on the group Solvency II ratio based on the situation end of 2015 is 20% negative, and would bring the reported 212% down to a still comfortable level of 192% if the settlement would have been accounted for end 2015.

And lastly, the net cash position in general accounts, we'll remember that at the end of 2015, we were at €1.6 billion, including the so-called liquid assets. Taking into account the settlement amount received from the insurers, the net cash out over time will be around €1 billion, which is the sum of the WCAM settlement, the claimants' organizations costs and expenses, plus the tail risk minus the expected amounts to be contributed by the insurers. However, here it is important to note that this amount will be gradually released over an expected period of two years to three years and certainly not in the 18 months to come.

Finally, to avoid all misunderstanding, the proposed gross dividend of 2015, which was set at €1.65 per share in cash, remains of course unaffected, as this settlement does not affect our insurance results.

Ladies and gentlemen, when I became CEO of Ageas in 2009, I knew there was a lot to be done. We have worked very hard over the past years to restructure and strengthen our insurance operations. At the same time, we have gradually sought all legacy issues taking the necessary time for each in order to come to good solutions. And I refer here in the first place to the settlements reached with the Dutch and the Belgium state, but also the sale of Royal Park Investments, the sale of the BNP Paribas call option, and the two transactions concluded with BNP Paribas, regarding the RPN(I).

This recent agreement is a crucial step for Ageas, bringing greater certainty and transparency, and allowing an even greater focus on our core insurance business.

Looking forward, the agreement allows the company to regain full strategic and financial flexibility, and the management can even more than before focus exclusively on the delivery of our strategic plans.

It was perhaps an undisclosed item within our Ambition 2018 to bring this outstanding legacy to an end, but I do hope that by 2018, this part of our history will be firmly behind us, and we can continue to make important progress in our goal as a sustainable international insurance company.

## Unverified Participant

Thank you, Bart. Thank you, Filip. .

## Q&A

### Operator

Thank you. The first question is from Ashik Musaddi, JPMorgan.

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

Yeah. Hi. Good morning, Bart. Good morning, Filip. Thanks a lot for this clarity and this litigation. So I've few questions. First of all, can you give us some color about what is the risk of this number, the net €1 billion cash outflow becoming higher, if more and more plaintiffs join this one, so that's one.

And secondly, is there any big new organization that can start similar proceeding, because you have settled with four large organization, is there any risk that more big organizations can start something similar, on the same grounds? So that is the first question.

Secondly is, can you – post this litigation, can you give us some clarity around what's your holding company cash outlook? For example, you mentioned your holding company cash was €1.6 billion, €1 billion cash outflow from this litigation now is a €0.6 billion net. And then on top of that, you will add some €1 billion from Hong Kong and Portugal net. So how should we think about €1.6 billion now, because clearly, you don't need €1.6 billion at holding company. So how should we think about that €1.6 billion net cash at the holding company after this news? So these are the three questions, any color would be great.

#### A - Filip Coremans {BIO 17614100 <GO>}

Okay. Ashik, thanks for your questions. They are to the point as usual. Let's start – let me take the first and the second question together, because they are actually related. First and foremost, since this is an opt-out procedure, it is actually open to anybody who has been an eligible shareholder as we indicated.

So anybody who had shares within that period can join and from our perspective should join, but the amount that we are foreseeing for settling with all these people who are eligible is €1.2 billion and that amount is capped, yeah. That is a fixed amount. That fixed amount there we have an opt-out and the opt-out, these are people who decide that they will not participate, of course, they can if they do so, because otherwise, why would they opt out, they can continue legal proceedings.



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Also people who opt out and did not have legal proceedings before can indeed initiate new proceedings. But that being said, and that is where Ageas has this, what we call, termination right, it is almost - it's like an option that we have. If we feel that too many people have opted out, if too many - if the risk of the tail being too big, we have the possibility to, I would say, pull the emergency brake on the agreement.

This is, obviously, not what we expect, because the fairness of the deal is such that we believe that that risk is slim. Also, of course, because the organizations who joined in the settlement today represent over 90% and I think even far over 90% to our estimates, of all the claimants who are today involved in proceedings.

So we are fairly confident that this will be a successful settlement obviously; otherwise, we would not have started it. We have relatively limited opt-out percentage. Bart referred to a provision that we make also for that of €62 million to cover the tail, whether that €62 million will be the exact amount or not, it gives you a flavor of what type of opt-out percentage that we are prepared to accept around 5%. And it should be relatively closed-end process from that perspective. And our exposure, which was before unpredictable and unquantifiable now has become transparent, I believe.

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

Sorry. I missed your point about 90%, what was it, so you think 90% of the claim tails are already there, i.e., the people who are not claiming at the moment are not in the system is just 10%?

**A - Filip Coremans** {BIO 17614100 <GO>}

No, no, no, no. That is not what I was referring to. Today, as you know, when we report regularly on it, our current contingent liabilities there are around 20 procedures for parties involved in proceedings. The four parties who joined us today, VEB, Deminor, SICAF and FortisEffect, represent more than 90% of the shares. And it's not above that, more than 90% of the shares involved in legal proceedings. So this...

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

Okay, okay.

**A - Filip Coremans** {BIO 17614100 <GO>}

...support we already have on the table, that's what I want to tell you.

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

Yeah. Yeah. Okay. Now that's clear. Thank you.

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

Okay. Ashik, then the question on the holding cash. So also there your quick calculation is quite precise. So after this - and as mentioned, the €1 billion will not be spent immediately, but you could say, if you somewhere ring-fence it, our €1.6 billion end of last year is to

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reduce €0.6 billion. If you add to that the expected cash from the sale in Hong Kong of €1.2 billion, you deduct the €0.2 billion for Axa Portugal. You are again at an amount of €1.6 billion cash.

Of course, on top of that, we have upswing of dividend, dividends to pay, the running corporate cost, but they are quite neutralized. So you could say that we will be with the cash position of €1.5 billion, €1.6 billion, where our strategy remains the same. We have a priority to look for potential inorganic growth of the business, if no opportunities are foreseen in the near future, part of it can be given back to shareholders be it through buybacks or other initiatives.

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

All right. That's very clear. So for example, I mean if I think about past four years, five years what you have done is, given that you are – you may not be able to find any M&A opportunity, you have done like buybacks. So let's say, typically, you do your buyback with second quarter result. So if you are not able to find any M&A opportunity in the next six months, you may consider another buyback. I'm not saying that you will do that, but what I'm trying to understand is you may consider. It's not that, because your cash has dropped so much by around €1 billion that buyback is not coming, it's nothing like that.

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

No. No. I think as we have proven in the past, it's an observation or a reflection we make every year, taking into account the situation at the moment where the running program comes to an end, which will be somewhere in early August this year, at that moment, we will do – let's say, we'll reflect and make a decision taking into account all the elements we know at that moment.

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

All right. That's very clear. Thanks a lot and well done for the settlement.

**A - Filip Coremans** {BIO 17614100 <GO>}

Thank you.

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

It's very good news. Thank you.

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

Thank you.

**Operator**

Thank you. The next question is from Albert Ploegh, ING.

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

Yes. Good morning, all. Yeah, most questions have been answered, but maybe just a couple. First of all, thanks for reaffirming the full year dividend and also the statement made by Bart was pretty clear on the continuation of buybacks potentially in the dividend policy. So to be - make absolutely clear, the current share buyback is not impacted at all by this settlement.

And then the second question I had was on the 90% claimants, with the four parties involved in the settlements, you refer to something like 20% or so, let's say, kind of procedures that are ongoing. To get some feeling, basically, these four, of course, were the biggest, but have you also approached some of the other parties? Or you have just targeted these four big ones and you expect basically the - or the 10% of claimants basically to sign up to the agreement. And yeah, they were, basically, the main two questions left.

And maybe the last one is, you mentioned already, of course, Hong Kong. Can you maybe update a bit on the procedure, let's say, also from the regulatory point of view on the approval process of that sale and when you expect the potential proceeds to come in? Thank you.

## **A - Filip Coremans** {BIO 17614100 <GO>}

Yeah. Thank you, Albert. I'll reply on the first part first. Of course, you know that it is complex negotiating with four claimant organizations. I would not dare to start that same negotiation with 20, that is virtually impossible. At the same time, we also reached very complex agreement with all the D&O Insurers.

So we believe that the platform that we have created is solid enough to pass WCAM. That being said, of course, in the coming two months, we can start almost immediately, we will still try to onboard and convince the other parties to join that is obvious. But we have to secure, first, I would say the necessary majority platform that will allow us to have successful WCAM, now that we have created that, we can start looking at onboarding the other parties at full swing and we will obviously do so.

But having already secured in terms of percentage, the vast majority of the active shares involved in claims, this gives us the comfort that there is indeed a strong willingness, let's say, amongst the claimants at large to indeed join this. So we needed to secure that first and I think we are ready. And so, I said before we talk to everybody, we talk to everybody you can see this is the outcome of a lot of talking. We will continue to do so.

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

Okay, on the second question, Albert, so when we announced the deal in Hong Kong, we - same - similar for the deal in Portugal, we gave the first half of the year as the moment of closing though a lot of approvals had to be achieved, and what we can say is that, everything related to Chinese approval has been given. The only remaining point is and that's always the last one is, of course, one of the Hong Kong regulators, but we see this still within the foreseeing time schedule and have no indication why this would give a

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problem. But we expected, as mentioned in the first half, so let's say, before the end of June.

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

Okay. Thank you very much. And I can imagine it has been a very complex process for you all and very good to see the clarity now.

**Operator**

Thank you. The next question is from Matthias de Wit, KBC Securities.

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

Yes, good morning. Few questions left from my side. First, I wondered whether there's any room to benefit from tax relief either at the level of the holding or at the level of AG, where you might - yeah, you could maybe take some of the cost at that level. So maybe some clarity in that respect would be helpful.

Then I wondered if you could share your thoughts on the targeted holding company liquidity buffer post settlement. So there is still the BNP option outstanding, so maybe you could share some comments, how you're thinking at what about the reasonable level of cash you want to operate with as a minimum at the level of the holding?

And then lastly, just on the litigation cost, could you maybe clarify how much - yeah, how much you were - by how much they were putting a track on the general accounts, P&L and cash flow, so that will also be helpful? Thank you.

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

So Matthias, on the taxes side, there is no relief. Unfortunately, the gross amount will be the net amount, since it's an operation which would be recognized at the holding level. So we already have a lot of past losses, but in any case, since there is no taxable income at the holding level, no way we can compensate. So no DTAs. Net equal gross.

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

Okay.

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

So the second question, the reasonable level of cash, I think once and as indicated that this is something where we are in the first step. So we will have these different, the filing, and then the confirmation by the court and so on, but once I would say the big tone is set, and we have a clear view on the degree of acceptance of this deal, it's clear that the uncertainty we had before, with respect to cash, strongly is - will be strongly reduced.

And it means that the - having a buffer of cash, a big buffer of cash will probably be less an attention point than what it was in the past, taking into the account that we also expect

that access to the financial markets to issue debt and things like that will be easier. So I think it's something where we - once all this is digested, maybe after closing of the deals, we refer to Hong Kong and Portugal, also take into account our Solvency position that we will, maybe with the half year results, give full update on this topic, but don't expect us to change completely from the strategy chosen in the past, but one big change is that once the view is clearer, that the uncertainty of litigation on the cash position is strongly reduced, if not almost fully away.

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

Okay. Thank you.

**A - Filip Coremans** {BIO 17614100 <GO>}

Okay. Thanks, Matthias. This is Filip. On your question on litigation cost, it is highly volatile from one year to the other, depending on the intensity of the legal proceedings taking place in that period. And this is not only the cost of legal procedure, it's all the cost of other advisers, economic expert, all sorts of support people behind that which can fluctuate quite a bit.

So the range that we have seen on these expenses, in the general account, is quite wide. We have seen years where it was more €5 million to €7 million, but we also have seen years, where it was between €12 million and €15 million. So it's a quite wide range. But if you keep in your mind a figure between €10 million to €15 million a year, over the last two years, that would have been it.

We also have old arrangements don't forget that in place with some of the D&Os, and so, we also carry these defense costs in there. It's not only Ageas including - so that is quite - it is around €10 million on an average year.

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

Okay. And if I just could come back on the targeted holding company buffer, is it fair to assume that you should no longer keep a large part of the cash for the BNP put option, now that you probably can tap Tier 2 debt or markets post settlement or is that not a reasonable assumption?

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

I know, in all fairness and honesty, also before the announcement of this deal, we saw a possibility if the production would be exercised through funded partly with cash and partly with debt. So of course, this operation is definitely not reducing this opportunity and probably will one day give us also better conditions if we do that. So we don't have to keep the full amount that might be needed for the put option in cash in the general account.

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

That's very clear. Thank you.

## Operator

Thank you. The next question is from William Hawkins, KBW.

### Q - William Hawkins {BIO 1822411 <GO>}

Hi, gentlemen. Congratulations on the hard work to get you this stage. Can you just simplify for me major suits that are still outstanding from the list that you gave at the beginning of the year, if you could just highlight for me sort of the ones that are not covered by this and that's a major?

And when you refer to that 90% figure, is that a global figure or just with reference to cases that you're fighting in the Netherlands? And then, very briefly, does that 90% refer by number of shareholder or by size of shareholding, presumably given what you said about the tail risk, it doesn't really matter, but I just like to check that.

And then, finally, yeah, the tail risk that you talked about. Can you just clarify what that covers? Is that purely covering the opt-out risk or is it covering the – yes, I suppose positive risk the other class actions get involved in this. So again, I'm not quite sure when you said that this figure is capped. Does that cap move if members of the other 20 get involved or is this cap covering people outside the top four as well? Thanks.

### A - Filip Coremans {BIO 17614100 <GO>}

Okay. That is a whole range of questions really, but let me start with major lawsuits still outstanding. We do not settle lawsuits. We are settling everything potentially with this WCAM procedure. So it is – again, it's opt-out procedure.

So for sure, in the Netherlands, if this becomes – the procedure which is declared binding, in fact, it will stop all ongoing litigation in the Netherlands, unless people decide to opt out, so that is the way it works. And so, when we talk about a 5% opt-out, that is the emergency brake on all litigations, not just on those four claimant organizations that have been involved. But if you want to know which are the others aside from these four, which are currently ongoing, I would like to refer you to our interim financial statements where you find the overview, but obviously, the most relevant is [Arnout] in Belgium, who is the next one in line, I would say, in terms of size.

And then, we have various smaller legal procedures in the Netherlands, which are under the umbrella of [Aeselon and Mayer], you find them, and then, of course, we had Patripart that is not still final, but of course, we will see what the decisions of. Mr. Van Damme will be on the appeal, we don't know yet.

But all the other cases are more, let's say, individual by nature and do not compare in whatever way with the four organizations we settled with. So that is an important principle you have to keep in mind when we talk about WCAM, there is an opt-out.

So the 90% is an estimate, of course, based on what we know about the number of people that are involved in litigation today. In Belgium, we know that rather exact, because

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people have to file together with their proceedings, the details of the shareholdings that they represent.

Whereas in the Netherlands, we have class action. Now, the biggest class actions in the Netherlands or all class actions in the Netherlands, in fact, FortisEffect, SICAF and VEB have joined the proceedings, so they are included. There are no other, I think, real class actions ongoing. So the other cases in the Netherlands are those which we also know relatively well, because they are individual cases. So we have a pretty high comfort level on the fact that more than 90% of the claimants today active are involved. And so, are these active claimants? Yes, that is the case.

And so, the tail risk is that equal to the opt-out at least, I shall say materially yes, because even and that then I anticipate maybe a question that may come later, but even people who are, for instance, civil parties in the criminal case in Belgium and that were another important constituency, they want to participate in this civil settlement. They will have to, of course, let go of that claim as well.

And so, the civil damages, even in the context of criminal case, could be settled under this proceeding, in advance, even without ruling an agreement on. So you could say materially that their risk is indeed related to the opt-out risk.

**Q - William Hawkins** {BIO 1822411 <GO>}

So, Filip, just a follow-up and forgive my ignorance on the different legal systems.

**A - Filip Coremans** {BIO 17614100 <GO>}

No, no, no. Go ahead.

**Q - William Hawkins** {BIO 1822411 <GO>}

But the point is that, if someone has a case in the Belgium courts, but they decide to participate in this settlement in the Dutch courts, they will also be signing something that says that they're releasing you from liability...?

**A - Filip Coremans** {BIO 17614100 <GO>}

Yeah, yeah, yeah. Everybody who wants to join whether it's in Belgium, whether it's in the Netherlands or wherever they are, they will have to give up or they will have to sign a full release that is obvious not only to us, but also to all other parties involved, the D&Os, the issuer banks, BNP Paribas, Fortis that is understood and part of the agreement. Also for the Belgium, or for instance, Deminor participated, it's the largest Belgium claimant representative organization, they will do so indeed.

**Q - William Hawkins** {BIO 1822411 <GO>}

That's brilliant. Well done on the work, gentlemen. Thank you.

**A - Filip Coremans** {BIO 17614100 <GO>}

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Thank you so much.

## Operator

Thank you. The next question is from William Elderkin, Goldman Sachs.

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

Thank you. Good morning, everybody. I just got one question left. Can you just give us a sense of how to think about the outstanding criminal proceedings in Belgium. And I'm not at all familiar with this area, whether there is any history in the Belgium courts of substantial financial penalties imposed on other corporates for whatever reasons, that would be very helpful.

### A - Filip Coremans {BIO 17614100 <GO>}

Well, in terms of case history, there is not a lot, of course, in Belgium, and certainly, not of this size and signature also certainly not in the criminal, because until I believe and I'm looking at my legal advisor, in turn – some years ago, which was even impossible to have the corporation involved in the criminal case from this angle. It could only be individual. So there is little case law on that.

That being said, the criminal case, it will run its course. As you know, the current state of affairs is that Ageas has not been referred that there were still some additional investigative measures ongoing, although they should be coming to an end. You know that the magistrates who are, how should I say, investigating the case had been changed, but they are coming to the end of their additional investigative measures. And we will see what comes out, nothing much that we can do about it, just this has to run its course there. And that's it.

Now, we also looked at whether we could involve or not the civil parties or even go for a criminal settlement. But we have chosen, I think the best route, is to first go for massive, let's call this a massive – we can call this massive civil settlement, which would materially compensate all potential, how should I say, losses caused by eventual criminal events. So settle the civil cases first, and then, think about using that as an argument to convince the prosecutor that there is no more victims left, I would say, because people can, when they join, opt-out – sorry, when they joined they have to indeed waive their claims also under that context.

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

Thank you. And just one for clarification. And the criminal proceedings, are they against specified individuals or against the former Fortis legal entity?

### A - Filip Coremans {BIO 17614100 <GO>}

The criminal procedures today are not against the formal Fortis entity. They are against at this moment seven individuals, former directors and officers of the Fortis Group. Ageas,

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as I said, nor BNP Paribas Fortis, nor the bank have been referred to the criminal court at this moment.

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

Okay. Thank you. And well done on this.

**Operator**

Thank you. The final question is from Benoît Pétrarque, Kepler Cheuvreux.

**Q - Benoît Pétrarque**

Yes. Good morning, everybody. In that a follow-up question will be on the settlements, I think the four organizations, you are referring to, are mainly representative of retail shareholders. So do you think like larger institutional investors will have to kind of wake up following these announcements. What is your assumptions on these potential risk here? And could you also quantify the tail risk please on that? Thank you very much.

**A - Filip Coremans** {BIO 17614100 <GO>}

Well, I will start with the last part of the question. And I repeat that it is an opt-out procedure that the tail risk is included. So even if more parties were to show up or to come to the table, the amount will not change. The €1.2 billion is a full and final proposal for all potential eligible shareholders, whether they have been manifesting themselves as of today, or not that's what I try to explain that we have two parts for active claimant but also for the non-active.

So the tail risk is, I would say, from that angle, absolutely under control, and because we have the termination right. Now, saying that the organizations that are at the table are solely representing retail investors that would not be materially correct. I, of course, cannot go into the details, but all of them have a mixture in various degree between retail and institutional clients or claimants, especially, of course, in the context of the VEB, you might find more retail where in the context of SICAF, which is actually purely a congregation of institutional claims.

So I think in the combination of the two, with Deminor, somewhere I would say in the middle of that, they both represent substantial contingent of retail and institutions. So the mix also from that angle in the representative nature of the four organizations is very balanced. I cannot go into the detail of their constituencies, obviously, but I can guarantee you that that is one of the reasons why we believe that this settlement is on the course or completion, of course, long course, but we have strong belief that it will become successful.

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

Okay. Thank you.

**Q - Benoît Pétrarque**

Great. Thank you very much. Well done.

## A - Unverified Participant

Okay.

## Operator

Thanks.

## A - Unverified Participant

Thank you. Thank you Bart. Thank you, Filip. Thank you, everybody, on the phone. Thank you, Bart and Filip go to the press conference. I would suggest that we end up the call here. Obviously, if you have more questions and I can assume that after reading carefully, you have more questions, Investor Relations team is obviously available for calls or by mail. So don't hesitate.

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