Annual Report 2019

Connected by one purpose

Supporter of your life

Annual Report 2019

Supporter of your life

Report of the Board of Directors

Consolidated Financial Statements

ageas SA/NV Company Financial Statements

CONTENTS

A Introduction 5
Report of the Board of Directors 6
1 Strategy and business model of Ageas 6
2 Developments and results 9
3 Value creation in and for society 11
4 Corporate Governance Statement 34

B Consolidated Financial Statements 2019 50
Consolidated statement of financial position 51
Consolidated income statement 52
Consolidated statement of comprehensive income 53
Consolidated statement of changes in equity 54
Consolidated statement of cash flow 55

C General Notes 56
1 Legal structure 57
2 Summary of accounting policies 58
3 Acquisitions and disposals 88
4 Risk Management 90
5 Regulatory supervision and solvency 121
6 Remuneration and benefits 125
7 Related parties 139
8 Information on operating segments 141

D Notes to the Consolidated statement of financial position 153
9 Cash and Cash Equivalents 154
10 Financial investments 155
11 Investment property 161
12 Loans 164
13 Investments and Share in result of associates 166
14 Reinsurance and other receivables 169
15 Accrued interest and other assets 170
16 Property, plant and equipment 171
17 Goodwill and other intangible assets 173
18 Shareholders' equity 176
19 Insurance liabilities 182
20 Subordinated liabilities 187
21 Borrowings 190
22 Current and deferred tax assets and liabilities 192
23 RPN (I) 194
24 Accrued interest and other liabilities 195
25 Provisions 197
26 Non-controlling interest 198
27 Derivatives 199
28 Commitments 201
29 Fair value of financial assets and financial liabilities 202

E Notes to the Consolidated Income Statement 204
30 Insurance premiums 205
31 Interest, dividend and other investment income 207
32 Result on sales and revaluations 208
33 Investment income related to unit-linked contracts 209
34 Fee and commission income 210
35 Other income 211
36 Insurance claims and benefits 212
37 Financing costs 213
38 Change in impairments 214
39 Fee and commission expenses 215
40 Staff expenses 216
41 Other expenses 217
42 Income tax expenses 219

F Notes to items not recorded in the consolidated statement of financial position 220
43 Contingent liabilities 221
44 Events after the date of the statement of financial position 225
Statement of the Board of Directors 226
Independent Auditor's Report 227

G ageas SA/NV Statutory Accounts 2019 232
General information 233
Disclosure on items in the statement of financial position and income statement and regulatory requirements 234
Conflict of interest 272
Statutory Auditor's Report 273

H Other information 277
Forward-looking statements to be treated with caution 278
Registration of shares in dematerialised form 279
Glossary and Abbreviations 280

The Ageas Annual Report 2019 includes the Report of the Board of Directors of Ageas prepared in accordance with the legal and regulatory requirements applicable in Belgium (pursuant to article 3:6 and 3:32 of the Belgian Company Code) and the Ageas Consolidated Financial Statements 2019, with comparative figures of 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the Financial Statements of ageas SA/NV.

All amounts in the tables of this Annual Report are demoninated in millions of euros, unless stated otherwise.

Introduction

Ageas
An international company with a local identity and one focus:
Supporter of your life

Report of the Board of Directors

01

Strategy and business model of Ageas

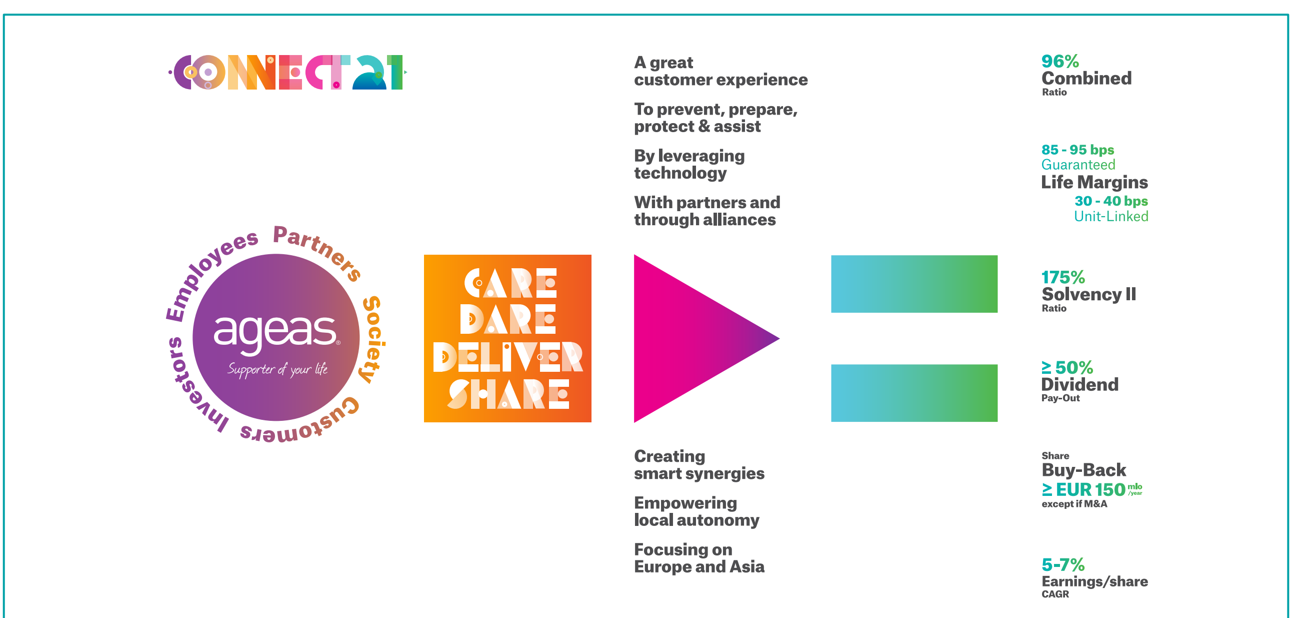
2019 was the first year in the execution of the 3-year strategic plan, Connect21, both at Group level and within the local entities. The strategic choices, made under Connect21, have been translated into local action plans that consider the specific characteristics of each business in the respective countries, ensuring Ageas remains relevant for all its stakeholders and true to its purpose as a “Supporter of your life”.

Supporter of your life

As a “Supporter of your life” the Group seeks to create value for customers, employees, partners, investors and society at large. For each of these stakeholder groups Ageas made specific pledges and defined corresponding KPI’s.

Connect21, focusing on sustainable growth for all stakeholders

Over the past decade, Ageas gradually evolved into a profitable insurance company constantly looking for ways to develop, with the customer taking centre stage. When designing its strategic plan Connect21, Ageas went back to basics, exploring the very essence of its existence. It recognised that the world is becoming more complex, meaning that the role of an insurer is constantly being challenged and expanded to meet the changing needs of all stakeholders.



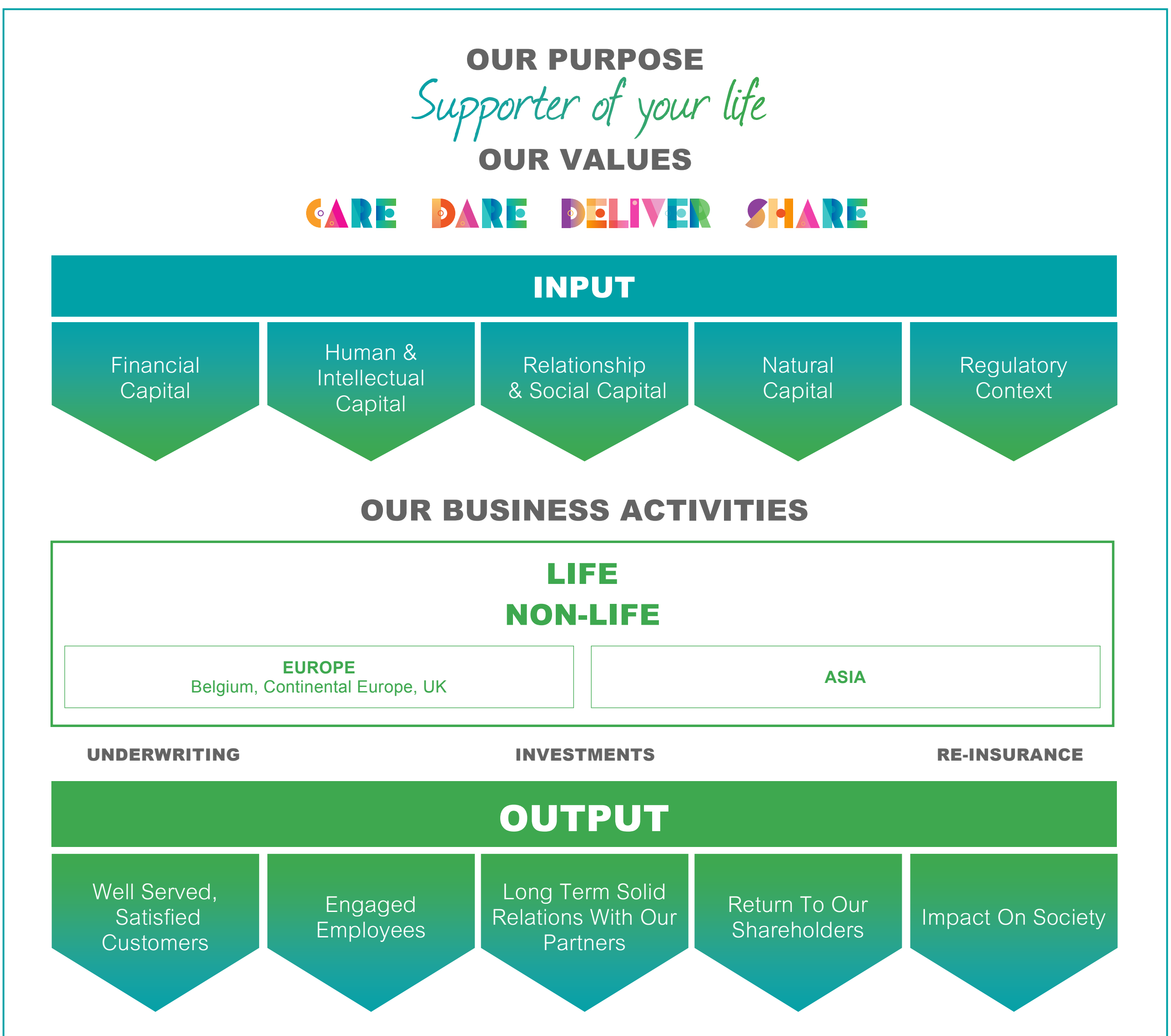
For its customers, Ageas aims to take care of the “what if’s” and the “what’s possible” so they can live their life to the fullest with peace of mind at every stage of their journey. Through its competences and skills, Ageas offers solutions in the domains of health, well-being, housing and mobility as well as in matters related to ageing, including savings and pension solutions.

Ageas embraces the latest technological evolutions to create a great customer experience, offering solutions beyond the traditional boundaries of insurance: to prepare and protect, towards prevention and assistance.

In exploring these new areas beyond traditional insurance Ageas also recognises its broader role in society, taking note of those societal challenges where Ageas can add most value. In this context, underwriting the UN Principles of Responsible Investment (PRI) for its investments, and embracing a selection of relevant United Nations Sustainable Development Goals (SDG) helps support these efforts.

Ageas’s success will depend on how all stakeholders value their relationships with Ageas over the long term. Implementing Connect21 is a gradual process in a world that is continuously changing. To remain hyper-relevant Ageas acknowledges that this means constantly evolving and reinventing itself to retain its competitive edge over time. Through a specific strategic workstream “Think 2030”, the Group keeps a close watch on societal trends and technological innovations, and how these may impact the future product and service offering for customers.

Ageas’s business model



Starting from its purpose and its set of core values - care, dare, deliver and share - Ageas, present in 14 countries across Europe and Asia, offers Life and Non-Life solutions to millions of Retail and Business customers. The company helps customers to manage, anticipate and insure their risks through a wide range of products designed for their needs both today and in the future. Distinguished by an expertise in partnerships, Ageas has developed long-term agreements with market-leading local financial institutions and distributors around the world allowing it to stay close to the customer. In the future Ageas will continue to strengthen and grow those partnerships or ecosystems that provide mutual benefit. By developing products and services beyond insurance, the company aims to respond to new needs and priorities in a world changing at a speed never experienced before. As any other company, Ageas operates in a dynamic legislative and regulatory context, such as Solvency II and Mifid or more recently the GDPR regulation regarding data protection. It also relates to regulation or quasi-regulatory frameworks such as the UN PRI and UN SDG's and principles around climate change such as the Task force for Climate related Financial Disclosures (TCFD) guidelines. And more is to come, for example the EU investment taxonomy that is expected to come into force by the end of 2021.

Finally, it goes without saying that Ageas can only deliver on its promises with the support of appropriately skilled and committed employees and capital provided by its shareholders.

In terms of generated income streams, Ageas has three important components that drive its financial results:

- Underwriting: the net result from the collected insurance policy premiums minus claims paid out. The essence of insurance is the pooling or mutualisation of the risk of insured individuals or corporates brought together into a larger portfolio of insured assets. The customer pays regular premiums, usually monthly or yearly, to cover risks related to Life, Home, Car, Travel or more specific type of risks which Ageas insures and pays out through claims in case of an adverse event. Going forward, fee income may come from other sources depending to what extent Ageas manages to develop its services beyond insurance;
- Investment: the net financial result generated via the investment of premiums into other revenue generating assets, such as government or corporate bonds, loans, equities or real estate. By investing in a wide and diversified set of assets spread over many industries, Ageas also actively supports the economy and society while generating a financial return that benefits first of all its customers and in a second step flows back to its shareholders or debtholders;
- Reinsurance: Ageas decided in 2017 to set up its own internal reinsurance activity focused primarily on its Non-Life activities. By organising its own reinsurance, it captures a part of the risk coverage for its own account reaping the benefit of better diversification of its own risks.

With its group-wide purpose and values, and its clear strategic choices and business model, Ageas aims to be a true “Supporter of your life” and to create value for all its stakeholders: customers, employees, partners, investors and society.

This annual report, alongside the business report, aims to provide the reader with all the relevant information needed to appreciate Ageas’s efforts to meet the financial and non-financial expectations of all its stakeholders.

02

Developments and results

2.1 Results and solvency of Ageas

Ageas's net result over 2019 stood at a record EUR 979 million, up 21% compared to last year thanks to the steady contribution of the Belgian business, an exceptionally high result of the Asian Life operations and a strong operating performance in Non-Life in Continental Europe. The net result benefitted further from some one-offs in the first half of the year and a high level of capital gains. Last year's result was affected by equity impairments and included EUR 35 million capital gains on the sale of the Group's stake in Cardif Lux Vie.

Inflows

2019 inflows increased by 11% scope-on-scope. Growth was driven by solid sales in Belgium and Asia. In the UK, inflows only fell slightly notwithstanding the strategic decision to exit underperforming schemes and to maintain a strict pricing policy. Continental Europe enjoyed an excellent commercial performance in Non-Life whereas Life inflows declined in the low interest rate environment.

Life

The Life Technical Liabilities excluding shadow accounting of the consolidated entities increased 3% compared to the end of 2018, driven by the increase in sales. Life Technical Liabilities in the non-consolidated entities in Asia rose by 25%.

The Guaranteed operating margin for the fourth quarter benefited from higher investment results in Belgium and in Continental Europe. On a full year basis the margin was perfectly within target range. Although reaching the top of the target range of 40 bps in Belgium and improving in Continental Europe, the overall Unit-Linked operating margin at the end of 2019 remains slightly below the target range.

Non life

The combined ratio for the quarter reflects the strong operating performance in Household and Accident & Health across all regions, partially offset by Motor claims. The adverse weather impact in Belgium in the first quarter was more than compensated by the operating performance during the rest of the year. This resulted in a strong year-to-date combined ratio better than the set target level of 96%.

General Account

The contribution of General Account amounted to EUR (123) million in 2019, which was driven by higher costs related to the execution of the Fortis Settlement, while the revaluation of the RPN(I) was neutral. Last year's net result included a positive revaluation of the RPN(I) and a capital gain on the sale of the Luxembourg activities.

Solvency

The Solvency II_{ageas} ratio at the end of December stood at a very strong 217% with the quarterly increase mainly driven by the issuance of a Tier 1 debt instrument for an amount of EUR 750 million. The Solvency II_{ageas} ratio does not include the tender of the Fresh, which is expected to have a negative impact of around 12pp in the first quarter 2020.

2.2 Statutory results of ageas SA/NV under Belgian Accounting Principles

ageas SA/NV reported for the financial year 2019 based on Belgian Accounting Principles a positive net result of EUR 209 million (2018: EUR 825 million) and a shareholders' equity of EUR 5,673 million (2018: EUR 6,160 million).

For a more detailed explanation on the statutory net result of ageas SA/NV and other Belgian regulatory requirements in accordance with article 3:6 of the Belgian Company code, please refer to the Financial Statements of ageas SA/NV. PwC has issued an unqualified auditor's report with an emphasis of matter paragraph on the ageas SA/NV Company Financial Statements.

2.3 Events after the date of the Consolidated statement of financial position

Refer to note 44 on repurchase of FRESH securities and Covid-19.

2.4 Dividend

The Ageas Board will propose to the Annual General Meeting of Shareholders on 20 May 2020, the distribution of a total gross cash dividend of EUR 2.65 per share.

Share buy-back programmes

Ageas completed on 2 August 2019 the share buy-back programme announced on 8 August 2018. On 7 August 2019 a new share buy-back programme for an amount of EUR 200 million was announced.

For more detailed information on these share buy-back programmes, the issued shares of Ageas, dividend rights and capital structure, please refer to the Corporate Governance Statement and the note 18 Shareholders' equity.

2.5 Other developments

In line with the new Belgian Corporate Governance Code that entered into force as of 1 January 2020 and with our Connect21 strategy, Ageas adopted an updated version of its Corporate Governance Charter via which its Board of Directors confirm the Group's objective to create sustainable economic value for all its stakeholders. The new charter can be consulted on the Ageas website.

In order to pursue effectively such sustainable value creation, the Board develops an inclusive approach that balances the legitimate interests and expectations of shareholders and the other stakeholders with increased focus on sustainability, ESG matters and ethical requirements.

Value creation in and for society

3.1 Our commitment to stakeholders is further strengthened through Connect21

As an insurance group, Ageas is at the heart of a number of societal themes which are very much present in all our lives. An ageing population, health related matters, new forms of living, mobility and climate change, all create risks and opportunities for Ageas's businesses. To remain relevant not just today, but also in the future, the company has reflected on these challenges. In the context of Connect21, its current 3 year strategic plan, it adopted a full stakeholder model including society aiming at creating value for all its stakeholders whilst taking into account the specificities of the various countries. For each stakeholder category, clear ambitions have been agreed upon and are being put in practice. Ageas committed to adhering to the UN Sustainable Development Goals (SDG). Based on its core competences it choose to actively work around the following 10 SDGs:

In 2019, Ageas has taken an effective start to execute its stakeholder engagement plan into concrete projects and action plans. The project is steered out of the CEO office, reflecting the width of the project and the fact that stakeholder engagement touches upon all the aspects of the company.

The below visual symbolises Ageas's stakeholder engagement and a clear commitment on who the company wants to be as a Group, a true "Supporter of your life".

Within the organisation a network of ESG ambassadors has been created with representatives in each of the relevant countries and ensuring a well-diversified set of skills and experience.

This network has identified a number of themes and projects around which actions are clustered. This includes:

- Assessing how SDGs influence the organisation and processes and how Ageas should respond on the changing requirements, complying with applicable laws and regulation as well as taking voluntary actions.
- Translate and deploy the chosen set of SDGs within the organisation, i.e. with a focus on translating the SDG goals into appropriate messages and a detailed mapping of its products and services or any other initiatives with a link to the SDGs. All this should lead to a true embedding of the principles within the daily business environment.
- Set-up of a set of financial and non-financial performance indicators that measure the commitments towards stakeholders.
- Providing more effective public disclosures that reflect how stakeholder engagement is being implemented within the organisation, also in compliance with relevant international or national regulation, recommendations or voluntary initiatives.

In the context of the latter, Ageas aims to adhere to among others :

- The EU directive on non-financial information.
- TCFD (Task Force on Climate-related Financial Disclosures) recommendations issued in 2017 and 2019.
- National ESG related regulatory recommendations and directives.
- United Nations Principles of Responsible Investment.
- The Euronext guidance on ESG reporting issued in January 2020.

In preparing this disclosure the approach has remained consistent with the two previous years focusing on the material aspects for Ageas as a Group, complemented by new insights gained in the course of 2019.

The disclosure reports the progress made by stakeholder group starting from the material topics and the pledges agreed upon within the Connect21 exercise. Where possible and appropriate, Ageas also provides in addition to qualitative information a number of data. As mentioned earlier, it is the aim to further structure and enrich this in the coming years towards a set of relevant financial and non-financial indicators for each stakeholder category. Please note that all data are based on a consolidation scope, unless otherwise stated.

In the course of 2019, periodic reporting on status and update on a bi-annual basis to the Executive Committee, Management Committee and Board has taken place (see also note 4).

3.2 Our customers and partners

Material topics covered in relation to the customers

- Customer experience.
- Customer literacy and fair treatment.
- Relevance of the products, services, communication for the customers also to the wider society.

The company's purpose has been reviewed in the context of the strategic exercise Connect21 and states: "We exist for our customers. We are there to support them through the ups and downs of life's journey. In a world that is sometimes difficult to navigate and predict, we protect what they have today and make their dreams for tomorrow come true. As "Supporter of your life" we take care of the "what if's" and the "what's possible" so that our customers can live life to the fullest with peace of mind at every stage of their journey".

The pledges towards customers are the following :

- We help customers to protect what they have and to make possible what they aspire.
- We engage with our customers for the long term.
- We provide a great customer experience.
- We offer a personalised approach underpinned by clear and open communication.

The commitments towards customers are strongly linked to the company's strong ties with partners as many of our customers are served by our partners. Hence, the pledges towards partners are:

- We invest in long term partnerships or alliances .
- We give our trust to partners who share our values and ambitions.
- We constantly seek to evolve and improve partnerships to the benefit of all parties.
- We look for opportunities that allow us to succeed together.

Ageas is mindful of the fact that the world is changing fast, with new societal challenges, new solutions thanks to the speed of technological and scientific evolution, the changing nature of risk and the expectations of our customers and other stakeholders.

To remain competitive and hyper-relevant in the future Ageas, even more than before, must constantly assess, re-evaluate and translate new learnings and technologies into new innovative ideas. Being there for the customers at any stage of their life with a product offer in line with its revised purpose and the ambition to offer products and services beyond insurance.

Group wide Ageas serves nearly 37[1] million customers directly or indirectly in 14 countries across Europe and Asia. Ageas operates mainly in mature markets in Western Europe and in developing areas through joint ventures in Asia. Overall, the focus is on Life and Non-Life solutions to individual customers and Small and Medium enterprises through a broad range of channels. Within the current strategic plan, the focus has been widened to activities in the area of prevention and assistance or helping the customers to anticipate on potential risks on top of regular protection and assistance in case of an adverse event. This more explicit ambition is in line with the updated purpose and also allows to offer solutions for our customers that create economic value and respond certain societal issues for instance in the domain of Health and Well-being, Ageing or Mobility. This extended ambition also typically results in new types of partnerships beyond the traditional alliances.

1 *The number of customers figure has been reviewed following a change in definition for some Asian joint ventures.*

Protecting your data carefully

Improving the customer journey will be supported by adequate communication and service design and a constant focus on adapting our products to new demands, responding to new societal trends such as the sharing economy, green products and servicing while making use of the technological and digital features to make the life of our customers easier.

In line with the General Data Protection Regulation (GDPR) Ageas reviewed, over the past years, its personal data management framework which consists of the rules and principles relative to the processing and protection of personal data within Ageas and its entities. These rules give more rights to data subjects on the one hand and provide strict and formal rules for Ageas when processing personal data on the other hand. Processes have been formalised and all relevant information is communicated to the data subjects, including information on the data transfer outside EEA. As such Ageas has strengthened transparency and control, protecting the interests of customers, staff, and other key stakeholders regarding data privacy.

Ageas also invests in permanent awareness and mandatory training related to personal data management processes (see paragrah 3.3). Personal Data Management is part of Ageas Group Risk Management framework and is complemented by Data Management Policy and Information Security Policy and detailed in Ageas Information Security Framework. Like any other Ageas policy, these policies are mandatory for all Ageas subsidiaries and should be implemented on a best effort basis by Ageas affiliates.

Ageas recognises that (personal) data is a vital asset. Together with information, data can give insights about customers, products and services. It can also help to innovate and to reach strategic goals. However when not correctly managed it can be exposed to many risks including non-compliance with regulatory and legal requirements as well as security risks. That is why Ageas focuses on maintaining and improving Data Management which is important to ensure :

- The ability to make consistent decisions about the value of data;
- Adaptability to changes in the external environment;
- Technical deployment and performance of the underlying systems;
- Day-to-day operations;
- Compliance with laws and regulations;
- Company reputation.

All Ageas information assets have to be adequately protected from a wide range of threats such us malware, computer hacking, denial-of-service attacks, computer fraud, phishing, social engineering as well as the loss, theft or disclosure of confidential information (including – sensitive – personal data), fire, etc. Information security is achieved by implementing a suitable set of controls, including the non-technical (e.g. policies, processes, procedures, guidelines, governed by organisational structures) and the technical (e.g. perimeter control, access control, monitoring, secure coding etc.).

A greater customer experience with an increased focus on societal value

In 2019 Ageas made a start with the implementation and deployment of the UN SDG framework within its businesses. To achieve this, it undertook an extensive mapping exercise via its ambassadors' network. The aim was to screen all products and services against the selected set of UN SDGs, up to the level of the UN SDG targets, and assess how these contribute to them. The outcome of the exercise led to an estimation of the societal value created and at the same time it should be inspirational going forward for developing new products and services that respond to the criteria of "shared value" creation. The examples listed hereafter provide an insight by region of those products considered having the highest relevance in meeting the UN SDGs.

In Belgium, AG Insurance formally launched "Phil@home" in 2019, a service solution aimed at setting up an open ecosystem allowing the elderly to stay at home longer in a secure environment. This service is a combination of innovative technology and personal coordination. More specifically Phil@home offers a global solution that permits its customers to make use at any stage of their lives of specific home assistance services focusing on safety, maintenance, repairs and modifications to the home. Over time additional services in mobility, care and administration alongside new partners are expected to complete this service. This offer should make it possible for the elderly to enjoy life longer in their own personal environment. In 2019 the product, after a test phase in a limited number of municipalities, has gradually extended its geographic perimeter.

This product provides solutions for the societal issues related to Health, Ageing and Sustainable Cities or Infrastructure and essentially meets SDG 3.

Ageas has a broad range of sustainable investment solutions for retail, private and institutional investors (see also 3.5) :

- Group insurance policies that respect strict sustainability criteria such as norms-based screening on human rights and ILO conventions, negative screening on gambling, animal abuse, etc.;
- Unit-linked sustainable solutions with a focus on sustainable themes (diversity, climate, etc.) or strategies (exclusions of controversial sectors, best-in class, carbon footprint reduction, etc.).

In Belgium, the interest in sustainable investment products from institutional clients has further grown in 2019. On 7 November, AG Insurance received the Towards sustainability label for its sustainable Branch 23 funds, which implies that these funds are managed according to a quality norm which defines a certain number of minimum requirements which sustainable financial products must meet both from a portfolio and an investment process level. The norms are supervised by the Central Labelling Agency of the Belgian SRI Label (CLA). End 2019 around EUR 1.3 billion was invested in these sustainable funds.

The total amount invested in sustainable solutions respecting the clearly defined ESG criteria end 2019 was EUR 5.8 billion or an increase of 25% compared to end 2018.

In Portugal, Ocidental Pensões is the first via its fund Horizonte Open Pension Funds to subscribe the UN PRI principles and to manage its fund according to the principles of Responsible Investment.

In Portugal, Médis launched GoFar in 2017, an ambitious and innovative joint venture with the National Pharmacy Association (ANF). This partnership allows customers to have integrated access to outstanding and differentiated high quality health-care and a less costly treatment accessible to more people. It makes use of modern IT technology to facilitate customer access in a more efficient way.

This product aims to bring a solution for societal issues around Health including Prevention and as such meets as SDG 3 but also SDG 17 via the partnership with ANF. Its specific mission is to bring innovative and pioneering healthcare solutions to a broader public.

In 2018 Médis decided to focus on a true oral health ecosystem, launching Médis Dental Insurance, the first health insurance product in Portugal exclusively focused on dental treatment. In December 2018 it opened the first dental clinic in Lisbon and added three additional clinics during the course of 2019 in Lisbon and Porto. By 2023, a nationwide network of 30 clinics should be operational, offering a real solution to address underserved dental health care needs. Customers can make online appointments in extended opening hours during the week and at the weekend, with access to a Personal Patient Manager and the facilities of a reliable and highly skilled medical team with experience in several areas of dentistry, using state of the art equipment, and technologies. It is the ambition to further integrate this new service within the product offering of Médis.

This product aims to bring broader solutions for societal issues around Health and Well-being including the Prevention aspect and hence meets SDG 3 but also SDG 17 via the partnership with a local player specialized in the dental sector. To a lesser extent it contributes to the SDGs 8 and 9 as it promotes decent job creation with a focus on entrepreneurship and innovation, the latter coming from a different customer experience.

With the project “Silver” Ageas offers in Portugal a comprehensive and high-quality set of Health, Lifestyle and Financial Security solutions that allows them to extend an enjoyable life while providing emotional comfort to their family.

This project aims to bring broader solutions for societal issues around Health and Well-being and hence meets SDG 3.

In Asia, more particular in China, Ageas’s joint venture Taiping Life launched in 2012 the Serious Illness Insurance that investigates market conditions and serious illness needs of urban and rural residents, developing exclusive serious illness products and supporting local governments' project developments. Up till now, over 7.5 million urban and rural residents have been covered by the inpatient and outpatient medical care by serious illness insurance through cooperation with Guangxi Province government.

In Malaysia via its joint venture Etiqa, Ageas and its local partner Maybank commercialized two life and death insurance products sold via the local partner POS, the National Post company, POS Khairat and POS Tenang. The first product provides cash pay outs in the event of the death of an individual, to his/her spouse and their children. This product was created to prevent low income families from going deeper into poverty in the event of mishaps, and is made extremely affordable. The second product offers a similar protection in case of the death of an individual and medical reimbursements for accidents at an affordable price.

In both countries these products are meant to significantly reduce the poverty caused by illness and inequality and hence offer a solution in line with SDGs 1 and 10.

Technology impacting the products and services offer

For certain products and services the technological progress and specific apps or solutions based on data analytics and better predictive models enable Ageas to offer more sustainable products which can differentiate in pricing or enable a broader customer base including customer categories that previously were often excluded from insurance.

In general, technological innovation in the domain of data analytics, FinTech, robotic process automation, artificial intelligence or voice control opens the doors to many new offerings that facilitate the life of the customers but can also contribute to a better understanding, and a higher level of financial literacy which is also an important objective in the context of an increased relevance.

In Belgium, “My Global Benefits” enables employees of corporations to access 24/7 online the actual status of their pension accrual and to find comprehensive information on their healthcare cover. This is part of the strategy of AG Insurance to set up a fully integrated and digital B2B2C solution for customers.

Interparking has extended its Pcard+ with multimodality solutions. Users of the Brussels public transport network MIVB/STIB can load their transport tickets straight onto their Pcard+.

Artificial intelligence (AI) is being used to automate the treatment of incoming communications, to enhance accuracy and the speed of response.

Both in the UK and in Turkey, AI is fully integrated into the claims handling process. The use of AI led to increased efficiency in the handling of claims to the benefit of customers. Through deep learning artificial intelligence, Tractable analyses photos of damaged vehicles to generate repair estimates. Currently, the technology is capable of analysing 13 major panels of a vehicle and using this data to review a solution centre estimate to confirm appropriateness for the necessary repair work. This has increased the breadth of potential cost control within the Engineering function by looking at approximately 60% of all car repairs carried out in Solution Centres, a significantly higher volume than the 10% of repairs reviewed manually in the pre-Tractable model.

A similar kind of automation has been introduced in Turkey, called ADA, automating a number of activities on behalf of employees, agents and new customers of Aksigorta. Motor Policy approval requests have been reduced to 2-3 minutes from 2-3 hours and available 24/7, having very positive effects on customer satisfaction levels.

In China, customer service is benefiting from the use of chatbots, answering customer queries with the ability to also engage in “casual” chats. Chatbots understand unstructured enquiries and provide answers or solutions based on pre-programmed data and available 24/7 to customers. Moreover, Virtual Agent has been implemented, by utilizing NLP (Nature Language Processing) techniques, i.e. using robots instead of humans to call customers. Virtual Agent will be used in the questionnaire-type conversation to ensure consistent performance and aiming to release our valuable human resources as much as possible from repetitive tasks.

Via these technological evolutions, Ageas aims to improve productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sector. This contributes to the realisation of the selected SDGs 8 and 9.

Measuring the effectiveness of the pledges to customers

In the context of Connect21 Ageas has decided to focus on the following KPI’s for customer experience:

- Net Promotor Score (NPS);
- The number of customers.

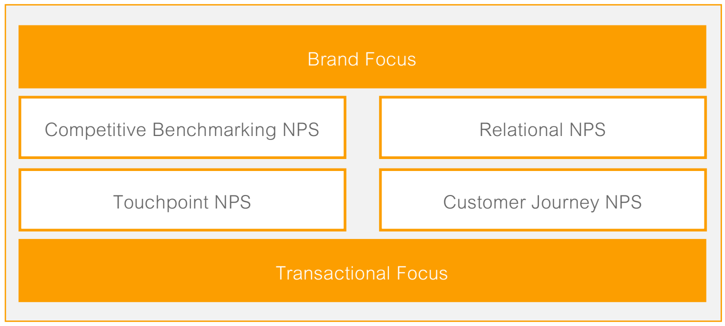
In that perspective the focus is here on end- or final customers, as part of the overall Ageas’s stakeholder engagement.

NPS measures how likely it is that customers will recommend Ageas’s products or services. NPS is recognized as a key indicator for customer loyalty. Outcomes are used to measure internally Customer Experience progress and to set up improvement programs. The NPS methodology is already in use within the Ageas Group since many years and is being implemented locally with respect for the differences in the local organisations and processes.

While NPS is recognized within Ageas as a key indicator for customer experience and driver for customer experience improvement, it is important to understand that also other indicators are being monitored such as Csat (customer satisfaction) or NES (net easiness score – sensing ‘how easy it is for the customer’ to realize a specific service).

In addition other ways to capture customer feedback are being used, such as Trustpilot within Ageas UK. Ageas does not only make use of the score as such, which is merely an outcome and guidance for the improvement actions that are continuously set up within Ageas group. Adding on this the main value of the methodology is to capture feedback of customers and to translate this into new or adapted priorities to increase the customer experience.

The NPS framework used within Ageas consists of four elements, each with their specificities :



Competitive benchmarking NPS measures the local market position of an Ageas's business vs. competitors. Relational NPS expresses the perception of the existing customers of the local brand/service and is used to measure overall progress and customer comments.

To measure the quality of the service delivered and understand customer concerns and/or priorities, Ageas promotes the internal use of transactional NPS. Touchpoint and Customer Journey NPS measure the quality of the service, at the time of a customer contact (touchpoint) or with respect to a specific customer journey (such as claims handling).

In 2019, consistent measurement of the competitive benchmarking NPS took place in around 70% of the consolidated entities of the group. On average 88% of the measured entities obtained scores at or above the local market average.

In 2019 around 40% of the main customer journeys/touchpoints are consistently monitored on transactional NPS, subsequently being used as input in local improvement cycles.

With respect to the number of customers, the total number of customers end 2019 amounted to 37 million. Compared to last year the calculation methodology has been reviewed for a change in definition in some of the Asian activities. The restated amount for 2018 amounts to 32 million. The positive variance mainly relates to the Asian activities, with the acquisition of the Indian Non-Life insurer RSGI, the growth in China and a nearly doubling of the number of customer served in Vietnam. Hereafter an overview of the number of customers by region :

In mio	2019	2018
Belgium	2.98	2.99
UK	4.81	4.81
Continental Europe	4.95	4.75
Asia	23.99	19.43
Total	36.73	31.97

3.3 Our employees

Material topics covered related to employees

- Employee health and well-being
- Human capital development
- Talent attraction and retention
- Diversity and equal opportunity
- Employee satisfaction and engagement

At Ageas more than 45,000 employees spread over Europe and the joint ventures in Asia have joined forces to deliver on the pledges towards all stakeholders. Within the consolidated entities headcount amounts to 11,552 as per 31 December 2019 (with an average seniority of 13.3 years).

The workforce has decreased over the past 3 years by some 6% mainly reflecting the UK restructuring and the closure of Ageas BV in the Netherlands, partly compensated for by the acquisition of Ageas Seguros in Portugal.

The pledges towards the employees are:

- We recognize the contribution of each individual.
- We promote a collaborative culture based on mutual trust.
- We invest in our people by creating an environment of constant learning and well-being in which each employee can grow and succeed.

Employee Health & Well-being

'Supporter of your life' is the tag line which Ageas wants to substantiate not only towards its customer but also to its employees. Various initiatives have been implemented at the local entity level to further improve the Life/Work balance of the employees. Examples are flexible working hours, possibility of Teleworking, and flexible Income Plans with a specific focus on mobility.

A new edition of the Ageas Challenge was launched in 2019 to all Ageas's employees. Several local initiatives as well as Group initiatives have been launched in the context of the Ageas Health and Well-being challenge. These initiatives include among others step and sleep challenges, healthy food initiatives encouraging co-workers to be mindful or actively improving their health and well-being. Additional motivation and tips are centralised on a group-wide digital platform.

A group of 65 co-workers was selected to train under the guidance and surveillance of professional coaches to get ready to participate in the Olympic triathlon of Lisbon 2020. In addition a group-wide challenge was launched to reach 1,000,000 million steps. Together with more than 4,000 registered employees on the platform, a more than doubling the initial goal was succeeded.

To respond to mental health problems, including stress-related disorders and burnout, AG Insurance launched in Belgium for its clients the Welcome back programme, an extension of the program launched for its Corporate customers. This reintegration programme relies on swift engagement after just 4 weeks of absence. Also, within AG Insurance itself, employees have been offered specific medical advice to agree on an appropriate date for return and to ensure employees returning to the right job.

In the United Kingdom, Ageas UK has developed in collaboration with Mind, Samaritans and Time for Change a framework to support the mental and financial well-being of its employees. These programs also included the launch of Mental Health First Aiders.

These initiatives fit into the realisation of SDG 3.

Continuous investment in learning to be prepared for the future

Since the creation of the Ageas Academy, in January 2016, the Group welcomed already more than 615 participants in different programmes on business wide topics: customer and business knowledge, leadership, new skills and behaviours, and financial & risk management. The programmes are highly appreciated by the participants and deliver above the set KPI of 8/10 on the level of quality and relevance.

The Ageas Academy continues to invest in digital learning. The number of co-workers learning through the digital learning–offer such as “Gear Up Insurance Knowledge” and “Leadership insights” is increasing year on year and the same goes for the Livestream sessions. Popular topics for these sessions were Insurtech and AI (Artificial Intelligence).

The new developed “DARE” – program intends to respond to the challenge of the exponential growth of new technology and the need for future proof leadership. This program includes a process starting from a leadership role model, tools to assess the gap with this ideal profile and providing a development track accordingly.

The role model in terms of future proof leadership is defined based on three criteria, one being the willingness to explore and exploit new technologies (or tech savviness).

In the last quarter of 2019, the “TQ-scan” (tech savviness) was successfully launched for Top Management. 54% of this group filled in this self-scan and received their personalized development track.

Next to the Ageas Academy catalogue, also the local Ageas entities continue to invest in a Learning offer available for all levels of their staff.

Total number of formal training hours in the three home markets :

	2019	2018
AG Insurance (Belgium)	170,454	118,404
Ageas UK	76,497	75,512
Ageas Portugal	30,270	22,262

Ageas also invests in permanent awareness and mandatory training related to personal data management processes (GDPR), with sessions organized in all consolidated entities and resulting in a coverage rate of 85% in 2019. In addition and specifically for employees involved in data processing activities e-learning modules were made available as well as tailor made training sessions.

Diversity

With respect to diversity, Ageas adopted in 2018 the Ageas EveryOne policy, its approach to Diversity and Inclusion. Ageas encourages its people to think and act differently, to be themselves and to contribute their individual skills. It applies to all employees of the consolidated entities of the Group and its legal bodies.

In terms of figures, the total workforce consists of 46% male and 54% female co-workers. Gender diversity at Top management level remained at the same level as 2018 (75%/25%) and is in line with the market. However additional action to further enhance diversity is required. Board diversity evolved from 82%/18% male/female in 2012 to 64%/36% in 2019.

More details are available in section 4, “Corporate Governance Statement”.

Consolidated Entities	2019	2018
Total number of employees		
- Male	46%	46%
- Female	54%	54%
Board of Directors		
- Male	64%	64%
- Female	36%	36%
Top Management		
- Male	75%	75%
- Female	25%	25%

Ageas fosters an international workforce, illustrated by among other things 16 nationalities working out of the Brussels office of Ageas. A customised local approach to manage the expected outflow based on the age pyramid is supported by a continued focus on our Talent Pipeline and Succession planning.

The initiatives related to continuous learning fit into the realisation of SDG 4 while the diversity in workforce links to SDGs 5 and 10.

Reorganisation

Changing market conditions and internal alignment in some cases required further streamlining of the organisation. In 2019, a reorganisation of the Ageas UK has been announced and deployed. The impacted co-workers were accompanied with an intensive programme to limit the redundancies and maximize the internal mobility and redeployment. Almost two third of the Port Solent Site staff was successfully transferred to another site and 74% of the co-workers of Stoke are being redeployed.

Bringing the Connect21 values to live

Within Connect21 our values have been updated and made consistent for the very first time across the Group, while still respecting the strong focus on local autonomy. The new values summarise well the key priorities of the new strategy and they reflect the commitment made by our workforce, to deliver on the promises made towards all stakeholder categories.

First focus was on creating awareness and involvement on the new Ageas Values. Intermediate surveys conducted in a number of entities show that 98% of the employees know the four values with ‘Care’ being the one closest to our company DNA and ‘Dare’ being the most challenging one.

Measuring the effectiveness of our pledges to employees

The employee strategy starts from a continuous dialogue with and measurement of the efforts towards the employees. Two key performance indicators have been defined :

- Employee engagement survey
- Denison organisation cultural survey

The yearly employee engagement survey, organised among the employees of all consolidated entities, is based on six questions:

- Q1 I am proud to be part of this organisation.
- Q2 I recommend my organisation as a place to work.
- Q3 I enjoy the challenges my work offers me.
- Q4 I enjoy working in my team.
- Q5 I have trust and confidence in my manager.
- Q6 I am prepared to go the extra mile.

In 2019 participation rates were between 75% and 98% and generally up or in line with 2018.

The results of 2019 show a continued and growing improvement across nearly all areas measured. A significant increase and improvement in the type and range of initiatives being implemented by the individual operating companies to increase engagement and mitigate any negative impact of business change at a local level contributed to this positive evolution. Connect21 and the new values are also clearly shaping the way how Ageas is engaging with employees across the Group and a solid platform is being built to support the strategic objectives.

The best performing area continues to be “I enjoy working with my team” and the most improved area is “I am prepared to go the extra mile”, a measure that is typically much more challenging to improve.

Denison organisation cultural survey

	2019	2017*
Participation rate	69%	64%

* *No survey has been conducted in 2018.*

In April 2019, a Denison culture survey was conducted for the fourth time among the Top 800 of Ageas. Based on a set of 60 standardized questions the survey measures the extent to which :

- The mission of the company is clear for the employees;
- The strategy is consistently cascaded in processes, governance and procedures;
- Employees feel involved in decisions and the implementation of the strategy;
- The company reacts on changing market conditions and client expectations.

69% employees completed the survey which is a 5% increase compared to the previous survey (2017). The overall 2019 results were the best results of the past surveys with nearly all indices making headway.

All entities are endeavoring based on the results of the survey and identified actions to further improve the results.

8 DECENT WORK AND ECONOMIC GROWTH

3.4 Our investors

Material topics covered related to investors

- Economic performance.
- Return on the long term.

The pledges towards the investors are the following:

- We aim to achieve long term sustainable growth, and to offer competitive returns and a stable growing dividend;
- We work to deliver on the financial targets;
- We seek and foster strong relationships with investors who support us for the long term, based on confidence, trust and transparency.

Ageas made clear commitments to a set of updated financial targets. These targets on the one hand reflect a desire for continuity and consistency, but at the same time, also respond to the evolving expectations of investors with respect to the company. Financial targets must support the long-term strategy of Ageas taking into account the technological, societal and other challenges it is confronted with. Hence the financial targets aim to strike a balance between operational targets, capital management targets but also targets with respect to solvency. The development of a set of non-financial indicators should also meet the growing expectations of the investors with respect to the broader role of a company towards the stakeholders.

Measuring the effectiveness of our pledges to investors

Ageas performs a bi-annual shareholder identification with the help of a certified external party. As per 30 June 2019 analysts identified 87% of the shareholders base of which institutional shareholders represent 51% of all outstanding Ageas's shares. The top 100 investors own in total 47% of all Ageas's outstanding shares. Of the latter 54% have been shareholders for at least 9 years, representing 31% of the Ageas's outstanding shares.

3.5 Our society

Material topics covered in relation to society

- Ageas's broader role in society.
- Responsible investment.
- Environmental footprint.

Within Connect21 the stakeholder model has been extended with "society" as a fifth stakeholder category. As with other stakeholder groups, the priorities have been captured in a set of pledges:

- Our role as an insurer means actively contributing towards a better society beyond insurance: preparing for an ageing population, protecting against adverse events and building a healthier society.
- Our business provides us with a platform to make a difference, balancing societal value with economic value in our core activities.

Ageas wants to actively contribute to a better society

Our commitment is clear: The aforementioned adoption of the UN Sustainable Development Goals (SDG) framework, the translation into inspiring messages for our employees and a detailed mapping of the current products and services portfolio should result in a full embracement and implementation within the organisation. Ultimately this should lead to a further integrated business model demonstrating that economic and societal value creation go hand in hand. Based on its expertise and available skills, the efforts will focus most on finding solutions with respect to themes such as ageing, health and well-being related issues, general adverse events and prevention in relation to these topics in general.

Hereafter a number of examples of how Ageas brings its engagement towards society, beyond products and services, into practice.

In Belgium, Interparking has set up the School of Parking, which teaches and trains teams and enables them to obtain training certificates, from blue collar to car park manager level. This initiative fits within the goal of SDG 10 to teach and train lower skilled employees and enable them to obtain training certificates, the School of Parking helps reducing inequalities for those who face difficulties on the labour market.

Interparking also contributes to the support of SDG 4 just like the Go Stem project at Ageas Group level. Together with Dwengo vzw/asbl and SheGoesICT about 7,500 pupils from the 5th and 6th grade where invited to discover their talent for science and technology. They were challenged to build and program a creative art robot that can draw independently.

The aforementioned organisations are resolutely opting for an inclusive approach. Hence WeGoSTEM explicitly makes a selection of the schools where to give a workshop with a preference for schools with many children from disadvantaged groups and rural schools. Last year 29% of the children who participated in WeGoSTEM had a special socio-economic status (SES), above the Belgian average. WeGoSTEM also fights the gender gap, especially in STEM professions, among others by deliberately going to primary schools.

Ageas UK, living up to the value "care", partnered with the Road Safety Foundation since 2012 to campaign for safer roads that reduce the number of deaths and serious injuries. In 2019 it launched the report, "How Safe Are You on Britain's Main Road Networks?". This annual report examines the performance of Britain's road network, identifying the roads where lives could be saved with physical improvements.

Ageas UK developed an interactive map which can be consulted by each individual to see the situation in their local area (www.dangerousroads.ageas.co.uk). This initiative fits within SDGs 9 and 11 that try to improve mobility and aim to contribute to more sustainable cities in the UK. Additionally, a partnership with the 'Green parts specialists', has been set up in order to use recycled/refurbished auto parts instead of brand new parts where possible and where the customer agrees. This reduces the environmental burden of wasting perfectly good vehicle parts that would otherwise be scrapped and also means that vehicles which are a borderline total loss can be kept on the road. Hence this helps the customers, while reducing the environmental impact and as such contributing to SDGs 11 and 13 mainly by seeking for a better waste management and improving the ecological footprint.

In Portugal, Ageas is becoming more and more well-known to the general public as a partner to many local associations and organisations in the field of health (see section 3.2) but also education and as a partner to safeguard the country's national nature and heritage.

Grupo Ageas Portugal is strongly investing in Culture and Arts as a strategic pillar of the brand's positioning, combining notoriety goals, with a strong contribution to the development of society. One of the elements of the statement of Grupo Ageas Portugal is that "Culture is everyone's right", and as such, must be accessible and inclusive without exception, bringing it also to the Ageas world and key stakeholders. Therefore, Grupo Ageas Portugal aims to promote and to support continuously young talent among others via the Ageas's award distinguishing emerging theatre talents. The company also supports national cultural events such as Festival Internacional de Música de Marvão and is the main partner of important and iconic Cultural Portuguese Houses such as Coliseu Porto Ageas and Teatro Nacional D. Maria.

These initiatives can be linked to the objectives of the SDGs 8, 11 and 17 by contributing to the promotion of the local culture that should result in more tourism activities, help to preserve the national culture and this with local partners from the cultural sector.

In collaboration with Mentes Empreendedoras, Ageas Portugal also organises a contest for schools targeting students between 11 to 15 years old, to foster the understanding and need for savings habits. These initiatives should contribute to a better local educational system and to endow young people with saving habits and good financial self-management and to share knowledge with the local community about sustainable financial management. Via its partnership with Singularity University, the company aims to contribute to the sharing and availability of knowledge to the wider Portuguese society.

Both initiatives fit within the realisation of the goals of SDG 4.

In Asia most of the initiatives towards the society focus on the goals of SDG 3 and SDG 4. With respect to Good Health and Well-being (SDG 3), Muang Thai Life in Thailand launched MTL Six Packs, a program to motivate and encourage people to be healthier through a mobile application. It is an open program whereby participants can collect E-stickers and convert them into Smile points or redeem for lifestyle rewards. In India a similar initiative #KeepMoving movement was launched also aiming to motivate people to lead a healthier lifestyle. The focus here is on both Physical and Financial fitness. In the Philippines, Troo, Ageas's local joint venture is actively involved in Passionately Pink, an association that drives the promotion of the awareness of breast cancer.

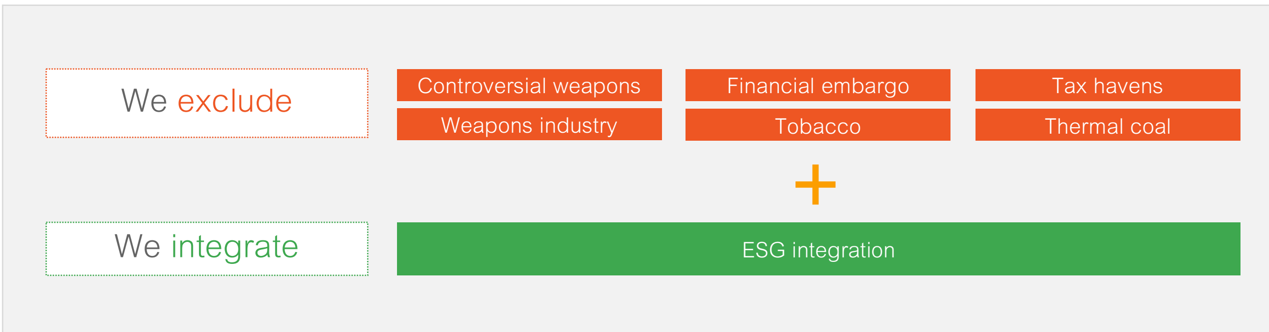
With respect to quality education (SDG 4), Muang Thai Life supports "Young Financial Stars", a program that aims to build more understanding on financial, insurance and investment planning among university students. In India, support is given to the 170 year old "Students' Literary and Scientific Society" with the objective to educate girls. Via the local joint venture, the necessary infrastructure could be acquired, educational material and support to these students could be offered. In the Philippines, Troo partners with the local university Mapua Institute offering internships with a specific focus on technology. Since the start Troo has taken several interns from the university to expose them to real-life business cases and prepare them for working life.

Key changes in 2019 with respect to the investment strategy

For the investment strategy of its assets under management, Ageas functions locally, however at Group level, the Ageas Investment Committee (Agico) oversees the principles of investments and sets the guidelines. The Agico is presided by the Chief Financial Officer (CFO). The Agico has an advisory role towards the investments of all consolidated entities and of the joint ventures in Europe (Turkey) and Asia.

Ageas and more specifically AG Insurance, representing some 81% of Ageas's investment portfolio, has a long track record with respect to sustainability. In Belgium for instance, the first sustainable investment solution was launched back in 2007. This strategy continuously evolved and led end 2018 to the signature of UN PRI by Ageas Group and by AG Insurance, the Belgian insurance subsidiary. By underwriting UN PRI the companies formally commit to incorporate environmental, social and governance aspects as a fundamental cornerstone of their investment decision framework. In the course of 2019, the framework has been rolled out within the organisation.

The main principles applied can be visualized as follows :



The integration of ESG factors has become mainstream in the investment decision process across all asset classes. These factors can create risks and opportunities for companies and are therefore an integral part of the investment analysis. For the entities where most assets are managed internally, a proprietary ESG integration approach is in place. If most of the assets are outsourced to third party asset managers, signatories of the UN Principles of Responsible Investment are privileged. For infrastructure investments, the Equator principles have been put in place.

With respect to the investments of all the consolidated entities of Ageas, the exclusion criteria for investments have been extended in 2019. This includes the exclusion of companies active in the production of controversial weapons (antipersonnel landmines, cluster munitions/bombs, nuclear, chemical and biological weapons, etc.), tax haven jurisdictions and countries subject to international sanctions and embargoes and lastly producers of weapons, manufacturers of tobacco and companies active in coal mining or electricity production.

These exclusion rules apply to all investments, except for historical bond positions which are allowed to mature.

These decisions, affecting all investment activities constitute a natural evolution for Ageas as a prudent, long-term and socially engaged investor and confirm its intention to be a responsible investor.

Investing in innovative and sustainable assets

Ageas provides long term funding to the real economy including infrastructure projects, especially via its activities in Belgium totaling around EUR 1.8 billion. The financing of projects related to alternative energy such as the construction of solar panels and wind turbines or the financing of companies that turn waste into energy amounts to about EUR 300 million.

In Belgium, AG Insurance has also invested among other things in green bonds, social housing loans and other loans with a positive societal impact (e.g. universities, hospitals, etc). These investments amount close to EUR 4 billion.

In 2019 a total of around EUR 600 million has been invested in new sustainable projects with a breakdown by category as follows:

2019 New Sustanable Investments	Assets (in EUR million)	%
Renewable energy	135	22%
Sustainable mobility	176	29%
Social Housing	257	42%
Health	27	5%
Education	11	2%
Total	606	100%

AG Insurance has invested in 5 new green infrastructure projects including renewable energy (onshore wind and solar parks) and in sustainable mobility like the “Tram de Liège”. Additionally, investments of nearly EUR 260 million were made in social housing and EUR 40 million in education (universities) and health (hospitals).

At the end of 2019 and including the newly invested amounts, the total investments in renewable energy and sustainable mobility amounted close to EUR 1 billion.

An amplification of the sustainable principles in AG Real Estate

End 2019 around EUR 5.6 billion is invested in real estate or around 7% of total assets. AG Real Estate, the leading private real estate investor and fully owned by AG Insurance, actively manages these investments. It also holds a stake of 51% in Interparking, one of the leading European public parking operators. Both companies undertake significant efforts to upgrade their assets and activities to the highest environmental standards. AG Real Estate’s Sustainable Development Policy provides more specific guidelines on how it manages its portfolio and these principles are an integral part of its quality standards and aspired leadership.

The priorities of its environmental policy are the following:

- Optimisation of energy flows and lowering greenhouse gas emissions via:
  - Measurement and controlling energy and utilities consumption (electricity, gas, water, waste and CO2);
  - Production of renewable energy;
  - Adjusting settings and parameters of the building management systems (BMS);
  - Careful selection of products, material and equipment;
  - Upkeep of buildings and their equipment;
  - Waste management and recycling possibilities.
- Continued Management of buildings, compliance with legislation.
- EPC & BREEAM (In-use or not) certification.
- Active dialogue with tenants and generalisation of good practices around mobility plans, waste sorting etc.

The charter also includes active measurement of the relevant targets to allow an annual assessment of achievements including permanent monitoring via its own internal processes.

Ageas’s real estate portfolio covers different types of property: offices, warehouses, shopping centers, development projects of new city areas, residential housing, social infrastructure and public parking management.

a. Office buildings

Building Research Establishment Environmental Assessment Method, BREEAM and BREEAM In-use, is the reference for a sustainable quality mark for all newly constructed buildings and buildings already existing. Since 2017 a certification project for all office buildings has been initiated. Ageas Real Estate portfolio is expected to have a level of minimum “very good” certification by 2020 and a budget is foreseen to perform the necessary adjustments in due time.

In the process of certification, AG Real Estate Property Management achieved 16 BREEAM In-Use pre-assessments. End 2019 the first two buildings have obtained a certificate of at least “Very Good”.

Waste management is manually monitored and optimised. Since 2017, real time tracking system with respect to energy consumption for all office buildings has been installed, allowing to spot unusual consumption directly and allowing immediate corrective actions. Information is actively shared with all tenants, providing direct benefit for both the tenants and AG Real Estate.

In this context AG Real Estate also collaborates with WeCircular, an organization responsible for recycling cigarette butts, the harmful impact on the environment is reduced and the natural resources are preserved.

In the context of caring for biodiversity, AG Insurance and AG Real Estate have put their buildings at the disposal of the association “madeinabeilles” since 2016. On the roofs of various buildings, bee hives have been installed which helps to maintain or improve the biodiversity.

Commuty, a platform that allows an easy exchange and freeing up of parking spaces, is implemented as a pilot in the headquarter building of AG Real Estate. The system aims to make available to as many employees as possible available parking spaces, especially in periods of holidays, teleworking or external appointments. Furthermore, co-driving is actively promoted in order to reduce the number of cars and the related CO2 emission.

All these actions and initiatives contribute to the goals of SDGs 9, 11 and 13.

b. Development of new sustainable city areas

AG Real Estate actively participates in the development of new city areas and always with the aim to make them more sustainable. As such, these projects contribute to the realisation of the goals of SDGs 9 and 11.

Two of the most significant projects at the moment are:

Bruneseau (city of Paris)

A consortium of developers comprising AG Real Estate won the call for projects organized by the City of Paris and the SEMAPA: "Inventing Bruneseau".

The environmental ambition of the Bruneseau project is the highest in the current state of constructional options: to develop the first completely decarbonized district in France, and divide by 5 the carbon footprint linked to the buildings.

This ambition to obtain the E+C- certification, piloted by Elioth, will be made possible thanks to the massive use of wood in the floors, and the generation of local energy at a level never before attained for an urban project of this scope. 65% of the energy consumed in the district will be either renewable or recovered, and 50% will be generated on site.

Some key figures:

- 95,000 m² of which 25,000 m² offices, 50,000 m² housing and 20,000 m² shops and activities.
- A carbon footprint divided by 5 compared with the Parisian average.
- 50% of the energy is generated or recovered on site.
- Coverage of needs by renewable and recovered energy: 65%.

UP4North (city of Brussels)

How to turn the monofunctional Brussels North District into a lively and inclusive part of Brussels? During the past two years, this question gathered various actors in a multi-layered reflection. Various initiatives were taken which all revealed the potential for a more diverse urban environment, with a leading role for AG Real Estate. The discussion was stimulated by lectures, exhibitions, symposia and workshops. While the current offices building remain in use, new actors joined the discussion and the transformation of the district has kicked off on site. The partners of Lab North believe this requires opening the debate and coming up with a shared vision. Steps have been taken in the right directions.

A shared vision for the North District has to be co-produced, making use of the work performed over the past two years. A critical reflection took place on what could work and what not. The project is an example of a collaboration between private, public and civic partners, all driven by an ambition to come up with a future-proof and durable vision for this important and scenic part of Brussels.

c. Residential buildings

For all residential buildings under construction, AG Real Estate adheres to the highest energy standards which include the study of renewable energy systems. Please note that AG Real Estate does not keep residential buildings in use and hence in its real estate portfolio.

The PEB (Pre-engineered Building) methodology allows it to integrate various techniques into high performing buildings such as isolation, closed loop electricity generation, heat loss reduction systems.

d. Social infrastructure

In the context of the private-public partnership "Schools of Tomorrow", that started in 2015, 182 schools have been built end 2019, representing around 700,000 m² and allowing more than 130,000 students in Belgium to go to school in state-of-the-art buildings and hence contribute to the realisation of SDG 9.

e. Public parking management

Interparking owns today almost 950 public car parks spread over 9 countries in Europe and serves about 120 million customers per year.

Interparking is convinced that the key to successful green and efficient mobility is above all multimodality. Interparking offers spaces right next to major public transport hubs, for example the metro, tram, bus lines, train stations or to airports. In Belgium, users of public transport can load their transport tickets straight onto their Pcard+. The Pcard+ not only provides access to car parks at an attractive rate, but also provides access to public transport networks in the Brussels region.

Users today can combine several modes of transport to travel around our cities, for example car, tram, bus, metro, train and bike sharing. In Berlin, the "E-Park & Rail" online booking method enables you to book a parking space at Berlin Südkreuz when you buy train tickets. In Amsterdam, thanks to the "Park&Bike" service, our customers can book a bike at an attractive rate to cycle through the streets of the city.

This initiative contributes to SDGs 11 and 13 via the promotion of public transport for short distances, stimulating the change towards sustainable and cleaner cities promoting the use of lower greenhouse gas emitting public transportation instead of own transport.

Furthermore, Interparking was the first public parking operator to conclude a credit line with environmental objectives. In October 2018, BNP Paribas Fortis and Interparking concluded a loan whereby the latter will obtain better financing conditions if the carbon and energy footprint is reduced by respectively 30% and 20% by 2020. The achievement of the objectives is monitored by an independent certification agency. End 2019 Interparking was well on track to achieve the set environmental objectives.

Since 2015 Interparking has obtained a CO2 neutral label for the entire group over the 9 countries in which it is active. This was achieved through:

- Reducing energy consumption via installation of LED technology, digitally piloted ventilation, automated lighting technology and the installation of solar panels where possible.
- Go for 100% green energy by installing solar panels where possible.
- Car fleet switch to low emission vehicles and broader use of video conferencing.
- And by offsetting the remaining CO2 emission by supporting several CO2 reduction programmes in Africa.

Other initiatives that are ongoing include the testing and roll out of a filtering ventilation/ionisation system that specifically focuses on fine and ultrafine dust in car parks, the so called “Lungs of the city”. Ultimately this should lead to a reduction of 50% to 70% of fine and ultrafine dust. In several car parks in France and Belgium these systems have been installed in the course of 2019.

Interparking also experiments with advantageous tariff systems for clients driving low emission or electrical vehicles in the Netherlands (up to 20% reduction).

Lastly, Interparking foresees within its car parks dedicated zones for electrical vehicles, including more than 750 charging stations as well as for shared vehicles where it also has partnerships with the main car share companies.

These initiatives contribute to the realisation of the SDG 13 climate goals.

Measuring the effectiveness of our pledges to society

As per 31 December 2019 and based on the aforementioned, Ageas invested in total around EUR 6 billion via its investment portfolio in sustainable assets or close to 7% of its total amount of assets under management.

Furthermore in 2019 Ageas has initiated the measurement of its CO2 emissions for all consolidated entities, including AG Real Estate and Interparking, based on 2018 data. Being an insurance group, the measurement did not result in a significant environmental impact, however Ageas takes up its responsibility in this respect including action if appropriate. The measurement has been organised along the lines of the international GHG protocol and resulted in a consistent set of data allowing an in-depth analysis of the various sources of emission. The table hereafter reports the absolute and relative carbon emissions in tonnes CO2e for the most significant categories of emission.

Scope		Net total (t CO_2e)	Relative share
Scope 1	Direct energy – gaz & heavy fuels	2,160	7%
	Refrigerants	1,191	4%
	Owned vehicles	8,337	28%
	Total scope 1	**11,688**	**39%**
Scope 2	Electricity – net	1,406	5%
	Total scope 2	**1,406**	**5%**
Scope 3	Home – work commuting	10,287	35%
	Business travel	5,877	20%
	Paper	136	1%
	Waste	323	1%
	Total scope 3	**16,623**	**56%**
TOTAL tonnes CO_2e gross		29,717	
Carbon offsetting (AG Insurance Belgium and Interparking)		11,705	
TOTAL tonnes CO_2e net		18,012	
Tonnes CO_2e per FTE		2.8	

The most important contributors to Ageas’s carbon footprint are in scope 1 car fleet (28%) and in scope 3 commuting (35%) and business travel (20%). This follows the organisational structure of the group with strong ties in Europe and Asia, whereby in the latter region the activities are managed out of the regional office in Hong Kong and management follow up requires frequent visiting.

The relative share of emission related to electricity remains limited as green electricity already counts today for more than 80% of the total electricity consumption:

Electricity in detail	Tonnes CO_2e
Electricity - gross	6,480
CO_2e avoided by green electricity	5,076
Electricity - net	1,406

End 2019, Ageas actively supports two specific projects that offset part of the carbon emissions. These projects are located in West-Africa, specifically in Ghana and in Benin, and focus on the optimization of the preparation of home meals in these two countries. The benefits of the projects go beyond the reduction in greenhouse gas emissions, and more specifically also benefit the:

- Reduced deforestation and improved biodiversity;
- Less indoor air pollutants from the burning of fuel in the family home;
- Reduced costs in the purchase of fuel for households;
- And specifically for the project in Ghana support for local employment as stoves are manufactured in the country itself.

The next steps after this first carbon emissions measurement consists of :

- An updated 2019 calculation;
- The set-up of a carbon footprint reduction plan at opco level;
- Gain further understanding on the categories not yet included in the current measurement to assess the usefulness of a scope extension.

3.6 Our stakeholder effectiveness supported by a comprehensive set of policies

Material topics covered related to all stakeholders

- Compliance to rules and regulations.
- Integrity and business ethics.
- Privacy and data protection.

a. Integrity, the Touchstone of Ethics.

Integrity is the leading premise underpinning respect for human rights, translated in the explicit rejection of any type of discrimination, the fight against corruption and fraud, the obligation to contract only with trusted and reliable third parties, and the unreserved commitment of zero-tolerance to unlawfulness and unacceptable practices. With this conviction, Ageas has issued an overarching Integrity Policy, which is the backbone of its philosophy of ethics, and integrates the values of Ageas. This policy sets out the Integrity principles and explains through which topics, structures and processes they manifest themselves and how to make them live, in the group and towards internal and external stakeholders – individuals, organisations and entities, customers, distributors, providers/suppliers, markets. The principles set out in these policies permeate the whole framework of Ageas policies, and are applicable to all Ageas subsidiaries, as well as to its affiliates in a best effort perspective. This framework of policies is based on and reflects an analysis of the risks to which the group is exposed from an integrity, governance, social and environmental perspective and also while taking into account the regulatory environment in which it operates. To ensure consistency of all policies, a model has been developed by the ERM (Enterprise Risk Management) Department and serves as a reference for all policies in the Ageas group.

In 2019 the Ageas Corporate Governance Charter has been reviewed and updated to be compliant with the updated Belgian Corporate Governance Code that entered into force as of 1 January 2020.

The review of the Code and hence of the Ageas Corporate Governance Charter has been undertaken in order to take into consideration regulatory changes but also and certainly to take into consideration the societal evolution and expectations regarding the governance of listed companies.

The Code puts into perspective and highlights a number of considerations reflecting the evolution of societal expectations towards the governance of listed companies, such as:

- Expectations regarding the long term focus, responsible behavior at all levels of the company and on the permanent consideration of the legitimate interests of (all) stakeholders and
- Expectations in terms of diversity, talent development and succession planning, and in relation to the company's annual reporting on non-financial matters.

These expectations are reflected in the confirmation of a stakeholder's approach vs. stakeholder's approach; it is expected that the Board develops an inclusive approach that balances the legitimate interests and expectations of shareholders and the other stakeholders. As a consequence, increased focus is put on sustainability and ESG matters and on ethical requirements (integrity and independence of mind, conflicts of interest, selection process,…).

The document has been approved by the Board of Directors and is publicly available on Ageas's website under the Governance section.

b. Human rights

The dimension of human rights is present in the complete set of policies, addressing all required regulatory domains and owned by various departments, among them Compliance as well as Risk Management, Legal, Finance, Audit, Human Resources.

c. Preventing conflicts of interest

Ageas has put in place a far-reaching policy on conflicts of interest as part of the sound and qualitative governance of the company and its business activities. A series of legal and regulatory provisions impose clear obligations in this respect. A conflict of interest is any situation with competing interests, compromising the ethical realization of the legitimate purposes of Ageas and/or its stakeholders, or any appearance of such situation.

In this context, Ageas prohibits its employees or agents to make direct or indirect contributions to political parties, organisations or individuals engaged in politics (including election committees, party affiliated organisations, party aligned research bodies, pressure or lobby groups, causes that are politically aligned, party officers and candidates), as a way of obtaining advantage in business transactions.

Political and Social elected mandates are not submitted to any prior authorization of the employer but must nevertheless be declared.
Ageas is recorder in the EU Transparency Register.

Fit and Proper principles are also essential to Integrity. The Fit and Proper policy describes the rules and processes to ensure that Board members and Management Committee members, Head of Independent Control functions and designated key managers, at all times meet the Fit and Proper requirements. The principles of being fit for the function in terms of skills, experience and professional behaviour, and proper, i.e. demonstrating integrity and honesty, and having no history of offences or convictions, are also applied to all staff members and verified in the recruitment process.

d. Preventing criminal activities

The Compliance function endeavours always to remain fully connected to the current and expected major trends at work and organises brainstorming and knowledge sharing sessions around dominant topics. In 2018 this included a focus on Transparency through the End-to-End Customer Journey and in 2019 on The (Compliance) Impact of Cognitive Systems on the Customer Relationship. Creating and maintaining awareness, through training and information sessions, is also one of the ways that the Compliance function supports Integrity.

Preventing fraud, corruption, money laundering, terrorist financing, and respecting rules on Sanctions and Embargoes are supporting processes of Integrity.

More specifically, fighting against corruption contributes to Integrity, to a sounder and more trustworthy economic, social and green environment, and to supporting the human rights. This is why the Anti-Bribery and Corruption Policy is a major pillar of the prevention of corruption, to which Ageas firmly applies the zero-tolerance principle.

It describes the frame of mind in which Ageas intends to operate and to do business, and sets out the principles and rules to abide by to avoid committing or seeming to commit an act of active or passive corruption, in particular the way to handle towards gifts, advantages, invitations and hospitalities.

The policy includes the definitions, criteria, rules, processes and expected behaviour to ensure that the zero-tolerance principle is effectively respected. It also describes the minimum standards of the anti-bribery programme to be in place in all Ageas entities.

This is strictly controlled by the obligation to notify gifts or advantages, whether given or received, to Compliance and by the prerogative of Compliance to ask to decline a gift or advantage deemed non acceptable.

e. Training and awareness

Maintaining awareness towards Integrity in its various forms is the purpose of the regular and compulsory training programme managed by the Compliance department. This programme comprises inception meetings for newcomers and regular refresh sessions for all staff members on important compliance topics, expected behaviours and notifications due. It also encompasses specific thematic sessions on major actual subjects presented both to the Board and the top management, as well as to the relevant staff members.

f. Monitoring processes

A series of processes are in place at Ageas to control the effective implementation of the rules set out in the policies.

- Due diligences are performed on customers, third parties namely as part of the procurement and contractual process, as well as in Merger and Acquisition files.
- Contracts with suppliers, vendors and consultants are subject to a compulsory legal sign-off prior to their signing.
- All expenses must be evidenced and the four-eye check applies on expense acceptance and payments.
- A control process is in place on remunerations and inducements to and from distributors of products.
- Notification duties of staff members are monitored on a continual basis: notification of gifts and advantages, external mandates and personal transactions in Ageas securities or any other restricted security. Notifications are cross-checked by a questionnaire sent to all staff at the end of each year to verify that due notifications were done.
- An internal procedure is in place to report wrongful situations without being subject to retaliation.
- The Fit and Proper status of the designated Board and Management members is checked each year and there is process for these people to notify immediately any change in their Fit and Proper status in the meantime.

Key performance indicators

- Notifications are followed up on a quarterly basis for assessment and reporting.
- The yearly compliance questionnaire is followed up with an outcome of 100%, with exceptions being documented.
- Attendance to training sessions is compulsory and followed-up on a yearly basis.

On all these controls, there is a reporting up to the Executive Committee and the respective Board Committees, potentially triggering subsequent actions.

04

Corporate Governance Statement

4.1 Board of Directors

The Board of Directors operates within the framework defined by Belgian legislation, National Bank of Belgium (NBB) requirements, the Belgian Corporate Governance Code, normal governance practice in Belgium and the Articles of Association. The roles and responsibilities of the Board of Directors and its composition, structure and organisation are described in detail in the Ageas Corporate Governance Charter which is available on the Ageas website.

4.1.1 Composition

In 2019 the number of Board members increased from fourteen to fifteen members, namely: Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl, Jan Zegering Hadders, Jane Murphy, Richard Jackson, Lucrezia Reichlin, Yvonne Lang Ketterer, Katleen Vandeweyer, Sonali Chandmal, Bart De Smet (CEO), Christophe Boizard (CFO), Filip Coremans (CDO), Antonio Cano (COO) and Emmanuel Van Grimbergen (CRO).

Emmanuel Van Grimbergen was appointed by the shareholders as Executive Board member in May 2019.

The majority of the Board is composed of independent non-executive directors and five out of fifteen Ageas Board Members are female.

4.1.2 Meetings

The Board of Directors met thirteen times in 2019. Attendance details can be found in section 4.5 Board of Directors.

In 2019, the Board Meetings dealt with, among others, the following matters:

- The strategy pursued by Ageas as a whole and by each business;
- The ongoing development of each of the Ageas businesses;
- The preparation of the General Meeting of Shareholders;
- The consolidated quarterly, semi-annual and annual financial statements;
- The 2018 Annual Report and mandatory reporting to the NBB (including the RSR, SFCR and SOGA reports);
- Press releases;
- The 2020 budget;
- Dividend, capital and solvency matters of the company;
- The Ageas's risk policy framework, including the Risk Appetite and Capital Management Policies;
- The succession planning of the Board of Directors and of the Executive Management;
- The succession of the Head of Internal Audit;
- The review of the Ageas Corporate Governance Charter;
- The governance and performance of the Executive Committee and Management Committee;
- The Remuneration Policy in general and the remuneration of the CEO and Executive Committee members in particular;
- Assessment of the Compliance function;
- Follow-up of legal proceedings and legacy issues;
- Various merger and acquisition files;
- ESG related matters.

The members of the Executive Committee reported on the progress of the results and the general performance of the different businesses at the Board Meetings.

4.1.3 Advisory Board Committees

The terms of reference, the role and responsibilities of each Advisory Board Committee are described in the Ageas Corporate Governance Charter which is available on the Ageas website.

Attendance details of the Board Committees can be found in section 4.5 Board of Directors.

4.1.4 The Corporate Governance Committee (CGC)

The composition of the Corporate Governance Committee changed in the course of 2019. On December 2019, the Corporate Governance Committee comprised the following members; Jozef De Mey (Chairman), Guy de Selliers de Moranville, Lionel Perl, Richard Jackson and Yvonne Lang Ketterer. The CEO attended the meetings, except during discussions relating to his own situation.

In 2019, the Corporate Governance Committee met on seven occasions including two joint meetings with the Remuneration Committee.

The following matters were dealt with:

- The succession planning of the non-executive board members;
- The succession planning of the Executive Management;
- The targets of the CEO and the other members of the Executive Management;
- The performance of the CEO and the other members of the Executive Management;
- The review of the Corporate Governance Charter and the Articles of Association.

The Chairman of the Corporate Governance Committee reported on these topics to the Board of Directors after each meeting and submitted the Committee's recommendations to the Board for final decision-making.

4.1.5 The Audit Committee

In 2019, Richard Jackson succeeded Jan Zegering Hadders as Chair of the Audit Committee. On 31 December 2019, the Audit Committee comprised the following members: Richard Jackson (Chair), Jan Zegering Hadders and Sonali Chandmal. The Audit Committee is supported by the internal auditor, Compliance and Finance functions and by the external auditors.

The Audit Committee met on six occasions in 2019 including one joint meeting with the Risk & Capital Committee. The meetings were attended by the members of the Executive Committee, the internal auditor, the Director of Compliance and the external auditors. The following matters were considered:

- Monitoring the integrity of quarterly, half-yearly and annual consolidated financial statements, including disclosures, consistent application of or changes to the valuation and accounting principles, consolidation scope, quality of the closing process and significant issues raised by the CFO or the external auditors;
- Monitoring the findings and the recommendations of the internal and external auditors on the quality of internal and accounting processes;
- Reviewing the compliance and internal and external audit plans and reporting;
- Reviewing the design and operating effectiveness of the internal control system in general and of the risk management system in particular;
- Reviewing the Liability Adequacy Test Report.

During the joint meeting with the Risk & Capital Committee, the members discussed the emerging risks, the non-audit services performed by the external auditor and the process for the assessment of the control functions.

The Chair of the Audit Committee had quarterly one-on-one meetings with the internal and external auditors and with the Group Director Compliance. He reported on the outcome of the committee's deliberations to the Board of Directors after each meeting and presented the recommendations of the Audit Committee to the Board for decision-making.

4.1.6 The Remuneration Committee

On 31 December 2019, the Remuneration Committee comprised the following members: Lionel Perl (Chair), Jane Murphy and Katleen Vandeweyer.

The Remuneration Committee is assisted by Willis Towers Watson, an external professional services company that provides market information and advice on commonly applied reward elements, best practices and expected developments. Willis Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

The CEO, the CDO and the Group Human Resources Director attended the meetings, apart from discussions relating to themselves.

The Remuneration Committee met on five occasions including two joint meetings with the Corporate Governance Committee.

In 2019 the Committee discussed and submitted recommendations to the Board of Directors on:

- The compensation of the newly appointed CRO;
- The impact of the Shareholders Right Directive, the new Corporate Goverance code and the new Company law;
- The compensation of the internal control functions;
- The benchmarking and the alignment of the remuneration of Ageas Non-Executive Directors representing Ageas in the Board of Ageas group consolidated entities;
- The benchmarking and review of the remuneration of the members of the Management and Executive Committee against current market practices;
- The disclosure of the remuneration of Board and Executive Committee Members in the notes to the Annual Consolidated Financial Statements;
- The report of the Remuneration Committee as included in the Corporate Governance Statement;
- The share linked incentive plan in favour of senior management.

In the joint meetings with the Corporate Governance Committee, the following topics were discussed and submitted to the Board of Directors for validation:

- The individual targets (quantitative and qualitative) for the members of the Management and Executive Committee;
- The targets for the business KPI's;
- The specific KPI's for the Group Risk Officer; (see 4.7.7 for more details on the specific KPI's.);
- The assessment of the results on the individual objectives and the business KPI's;
- The individual STI and LTI of the members of the Management and Executive Committee based on above assessment.

The Chair of the Remuneration Committee reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required. Further information on the Remuneration Committee can be found in the Report of the Remuneration Committee (see section 4.7 of this chapter).

4.1.7 The Risk & Capital Committee (RCC)

In 2019, Yvonne lang Ketterer succeeded Guy de Selliers de Moranville as Chair of the Risk and Capital Committee. On 31 December 2019, the Risk & Capital Committee comprised the following members: Yvonne Lang Ketterer (Chair), Guy de Selliers de Moranville and Lucrezia Reichlin.

The Risk & Capital Committee met on six occasions including one joint meeting with the Audit Committee. The meetings were attended by the members of the Executive Committee.

The matters discussed in the Risk & Capital Committee in 2019 included:

- Monitoring of risk management, based on reports by management;
- Monitoring on a quarterly basis the performance of the asset management by segment and by asset class;
- Reviewing the risk policies prepared by management, including the new Risk Appetite Framework;
- Monitoring of the capital allocation and the solvency of the Ageas Group;
- Monitoring of the key risks and emerging risks.

The Chair of the Risk & Capital Committee reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required.

During the joint meeting with the Audit Committee, the members discussed the crisis management, the emerging risks, the non-audit services performed by the external auditors and the process for the assessment of the control functions.

4.2 Executive management

Ageas's executive management is composed of the members of the Executive Committee and the members of the Management Committee. The role of the executive management is to manage Ageas in line with the values, strategies, policies, plans and budgets endorsed by the Board.

The Executive Committee exclusively consists of members of the Board of Directors. The CEO chairs the Executive Committee, which meets once a week according to a predetermined timetable. Further meetings are held whenever necessary.

The composition of the Executive Committee changed in 2019, Emmanuel Van Grimbergen was appointed as Chief Risk Officer and Filip Coremans took up the function of Chief Development Officer.

At the end of 2019, the Executive Committee of Ageas was composed of:

- Bart De Smet, CEO, responsible for the Strategy and M&A, Audit, ESG matters, Communications and Company Secretary;
- Christophe Boizard, CFO, responsible for Finance, Investments, Investor Relations, Business Performance Management and Legal & Tax;
- Emmanuel Van Grimbergen, CRO, responsible for Risk, Compliance, Actuarial function and Validation;
- Antonio Cano, COO, responsible for the reinsurance and the monitoring of performance of the businesses;
- Filip Coremans, CDO, responsible for Business Development, Technology and Human Resources within the Group.

At the end of 2019, the Management Committee was composed of:

- The five members of the Executive Committee;
- The heads of the four business segments: Hans De Cuyper, CEO AG Insurance (Belgium), Steven Braekeveldt, CEO Continental Europe, Andy Watson, CEO United Kingdom, and Gary Crist, CEO Asia.

4.3 Internal Risk Management

With regard to the risk management and internal control system, the Board approves appropriate frameworks for risk management and control. To this end, Ageas has put in place a Group-wide key risk reporting process to identify key (existing and emerging) risks that could impact the realisation of its objectives. It also assesses the control framework in place to ensure that these risks are managed on an ongoing basis. These risk and control activities are continuously exercised by the Board of Directors, Management and all employees in order to provide reasonable assurance of:

- The effectiveness and efficiency of operations;
- Qualitative information;
- Compliance with laws and regulations, and with internal policies and procedures with respect to the conduct of business;
- Safeguarding of assets and identification and management of liabilities;
- Achievement of company's objectives while implementing the company's strategy.

For detailed information on the internal control framework, please refer to note 4 Risk Management in the Ageas Consolidated Financial Statements 2019.

4.4 Corporate Governance references and Diversity

4.4.1 Corporate Governance references

As from 1 January 2020, a new Belgian Corporate Governance Code entered into force (the 2020 Code). Ageas has reviewed its Corporate Governance Charter to comply with the new 2020 Code. The reviewed charter is available on Ageas's website.

In the present report, Ageas reports on the basis of the Belgian Corporate Governance Code published on 12 March 2009 (the 2009 Code) which applied to Ageas until 31 December 2019.

The 2009 Code is based on the 'comply or explain' concept, which means that if a company chooses to deviate from any of the Code's principles, it must explain its reasons for doing so in the Corporate Governance Statement. There are no aspects of corporate governance at Ageas that require additional explanation in the light of the 2009 Code.

4.4.2 Diversity

The Diversity Policy applies to all senior managers and members of the Board of Directors across the group:

- Ageas is committed to attracting and retaining a Board of Directors whose composition reflects a diversity of backgrounds, knowledge, experience and abilities;
- Appointments to the Board will be based on merit, however it will also consider issues of diversity and the mix of skills required to best achieve Ageas's 2021 strategy;
- Apply the legally required minimum of 33% of the opposite gender in the Ageas Board.

As per 31 December 2019:

- The Ageas Board was composed of five male Non–Executive directors and five female Non–Executive directors next to five male Executive directors. In terms of nationality the Board is composed of seven directors of Belgian nationality, two directors of Dutch nationality, one director of Italian nationality, one director of French nationality, one director of Swiss nationality, one director of Canadian nationality, one director of British nationality and one director of Indian nationality. In the composition of the Board, Ageas ensures the diversity in terms of competences and expertise in order to obtain a well- balanced and a well- founded decision process.
- The Ageas Executive Committee was composed of five male members of which three of Belgian nationality, one of French nationality and one of Dutch nationality. Specific attention is given to diversity in terms of succession planning during the yearly update to the Board of Directors. Overall the senior management population at Ageas Group level consists of 75% male senior managers and 25% female senior managers.

4.5 Board of directors

Chairman

Jozef De Mey

- 1943 – Belgian – Independent - Male
- On 31 December 2019, Chairman of the Board of Directors and Chairman of the Corporate Governance Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2021.

Non-Executive Board Members

Guy de Selliers de Moranville

- 1952 – Belgian - Male
- On 31 December 2019, Vice Chairman of the Board of Directors, Member of the Risk & Capital Committee and Member of the Nomination and Corporate Governance Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2023.

Jan Zegering Hadders

- 1946 – Dutch – Independent - Male
- On 31 December 2019, Member of the Board of Directors, Member of the Audit Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2021.

Lionel Perl

- 1948 – Belgian – Independent - Male
- On 31 December 2019, Member of the Board of Directors, Chairman of the Remuneration Committee and Member of the Corporate Governance Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2021.

Richard Jackson

- 1956 – British – Independent - Male
- On 31 December 2019, Member of the Board of Directors and Chairman of the Audit Committee and Member of the Nomination and Corporate Governance Committee.
- First appointed in 2013. Term runs until Annual General Meeting of Shareholders in 2020.

Jane Murphy

- 1967 – Belgian / Canadian – Independent - Female
- On 31 December 2019, Member of the Board of Directors and Member of the Remuneration Committee.
- First appointed in 2013. Term runs until Annual General Meeting of Shareholders in 2020.

Lucrezia Reichlin

- 1954 – Italian – Independent - Female
- On 31 December 2019, Member of the Board of Directors and Member of the Risk & Capital Committee.
- First appointed in 2013. Term runs until Annual General Meeting of Shareholders in 2020.

Yvonne Lang Ketterer

- 1965 – Swiss – Independent - Female
- On 31 December 2019, Member of the Board of Directors, Chairwoman of the Risk & Capital Committee and Member of the Nomination and Corporate Governance Committee.
- First appointed in 2016. Term runs until Annual General Meeting of Shareholders in 2020.

Katleen Vandeweyer

- 1969 – Belgian – Independent - Female
- On 31 December 2019, Member of the Board of Directors and Member of the Remuneration Committee.
- First appointed in 2017. Term runs until Annual General Meeting of Shareholders in 2021.

Sonali Chandmal

- 1968 – Belgian / Indian – Independent - Female
- On 31 December 2019, Member of the Board of Directors and Member of the Audit Committee.
- First appointed in 2018. Term runs until Annual General Meeting of Shareholders in 2022.

Members of the Executive Committee

Executive Board Members

Bart De Smet | CEO

Bart De Smet

- 1957 – Belgian – Executive - Male
- Chief Executive Officer
- First appointed in 2009. Term as Board member runs until Annual General Meeting of Shareholders in 2021.

Christophe Boizard | CFO

Christophe Boizard

- 1959 – French – Executive - Male
- Chief Financial Officer
- First appointed as Board member in 2015. Term as Board member runs until Annual General Meeting of Shareholders in 2023.

Filip Coremans | CDO

Filip Coremans

- 1964 – Belgian – Executive - Male
- Chief Development Officer
- First appointed as Board member in 2015. Term as Board member runs until Annual General Meeting of Shareholders in 2023.

Antonio Cano | COO

Antonio Cano

- 1963 – Dutch - Executive - Male
- Chief Operating Officer
- First appointed as Board member in 2016. Term as Board member runs until Annual General Meeting of Shareholders in 2020.

Emmanuel Van Grimbergen | CRO

Emmanuel Van Grimbergen

- 1968 – Belgian - Executive - Male
- Chief Risk Officer
- First appointed as Board member in 2019. Term as Board member runs until Annual General Meeting of Shareholders in 2023.

Company Secretary

Valérie Van Zeveren

Details regarding other positions held by the Board and Executive Committee members are available on the Ageas website.

Attendance at Board and Committee meetings

Attendance at the meetings of the Board, Audit Committee, Risk & Capital Committee, Remuneration Committee and Corporate Governance Committee was as follows:

	Board meetings		Audit Committee meetings		Corporate Governance Committee meetings		Remuneration Committee meetings		Risk & Capital Committee meetings	
Name	Held	Attended	Held *	Attended	Held **	Attended	Held **	Attended	Held *	Attended
Jozef De Mey	13	13 (100%)			7	7				
Guy de Selliers de Moranville	13	13 (100%)			7	4			6	6
Lionel Perl	13	13 (100%)			7	7	5	5		
Jan Zegering Hadders***	13	13 (100%)	6	6	7	3				
Bart De Smet	13	13 (100%)								
Jane Murphy	13	13 (100%)					5	5		
Lucrezia Reichlin	13	11 (85%)							6	4
Richard Jackson****	13	13 (100%)	6	6	7	4				
Yvonne Lang Ketterer****	13	13 (100%)			7	4			6	6
Katleen Vandeweyer	13	13 (100%)					5	5		
Christophe Boizard	13	13 (100%)								
Filip Coremans	13	13 (100%)								
Antonio Cano	13	12 (93%)								
Sonali Chandmal	13	11 (85%)	6	5						
New Board member as per May 2019 (held meetings are since the General Meeting)										
Emmanuel Van Grimbergen	13	11 (85%)								

* *Including the joint meeting RCC / AC.*
** *Including the joint meetings RC / CGC.*
*** *Mr Zegering Hadders left the CGC in June 2019.*
**** *Mrs Y. Lang Ketterer and Mr R. Jackson joined the CGC in June 2019.*

Note that the members of the Executive Committee attended the committee meetings as invitees and not as members. Hence their attendance is not indicated in the table.

4.6 Consolidated information related to the implementation of the EU Takeover Directive and the Ageas Annual Report

For legal purposes, the Board of Directors hereby declares that the Ageas Annual Report 2019 has been prepared in accordance with the statutory rules implementing the EU Takeover Directive that came into force in Belgium on 1 January 2008. The Board hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- Comprehensive information on the prevailing capital structure can be found in note 18 Shareholders' equity and note 20 Subordinated liabilities in the Ageas Consolidated Financial Statements 2019;
- Restrictions on the transfer of shares extend only to preference shares (if issued) and the securities described in note 20 Subordinated liabilities in the Ageas Consolidated Financial Statements 2019;
- Ageas lists in note 1 Legal structure of the Consolidated Financial Statements as well as under the heading 'Specifications of equity – Shareholder structure of the company at the balance sheet date' in the ageas SA/NV Company Financial Statements any major shareholdings of (third) parties that exceed the threshold laid down by law in Belgium and by the Articles of Association of ageas SA/NV;
- No special rights are attached to issued shares other than those mentioned in note 18 Shareholders' equity and note 20 Subordinated liabilities in the Ageas Consolidated Financial Statements 2019;
- Share option and share purchase plans, if any, are outlined in note 6 section 6.2 Employee share and share linked incentive plans in the Ageas Consolidated Financial Statements 2019. The Board of Directors decides on the issuance of share plans and options, as applicable, subject to local legal constraints;
- Except for the information provided in note 18 Shareholders' equity, note 7 Related parties and note 20 Subordinated liabilities in the Ageas Consolidated Financial Statements 2019, Ageas is unaware of any agreement between shareholders that may restrict either the transfer of shares or the exercise of voting rights;

- Board Members are elected or removed by a majority of votes cast at the General Meeting of Shareholders of ageas SA/NV. Any amendment to the Articles of Association requires the General Meeting of Shareholders to pass a resolution to that effect. If fewer than 50% of the shareholders are represented, a second meeting must be convened, which will be able to adopt the resolution with 75% of the votes without any need for attendance quorum;

- The Ageas Board is entitled both to issue and to buy back shares, in accordance with authorisations granted by the General Meeting of Shareholders of ageas SA/NV. The current authorisation with regard to the shares of ageas SA/NV will expire on 15 May 2021;

- ageas SA/NV is not a direct party to any major agreement that would either become effective, be amended and/or be terminated due to any change of control over the company as a result of a public takeover bid. However, certain of its subsidiaries are subject to such clauses in case of a direct and/or indirect change of control;

- ageas SA/NV has not entered into any agreement with its Board Members or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid;

- Neither different share classes nor any preferential shares have been issued. Additional information on Ageas shares is set out in note 18 Shareholders' equity.

Ageas shareholders are under an obligation to meet certain notification requirements when their shareholding exceeds or drops below certain thresholds, as prescribed by Belgian legislation and by the Articles of Association of ageas SA/NV. Shareholders must notify the Company as well as the FSMA when their shareholding exceeds or drops below 3% or 5% of the voting rights or any multiple of 5%. Ageas publishes such information on its website.

4.7 Report of the Remuneration Committee

Dear Shareholder, on behalf of the Remuneration Committee I am pleased to present you with our Remuneration Report for 2019.

This report includes a summary of our Remuneration Policy as well as our annual report on remuneration that has been drafted in line with the disclosure requirements introduced by the Shareholder Rights' Directive and the draft guidelines issued by the European Commission.

In the report you will find a confirmation of the objectives of our Remuneration Policy and an overview of the main topics we discussed in the Committee during 2019. As in the past we consistently implemented the policy in relation to the Board of Directors and the Executive Committee remuneration. We discussed and anticipated the important changes in the regulatory environment such as the Shareholder Rights' Directive, the Belgian Corporate Governance Code 2020 and the new Belgian Company law and proposed appropriate changes in our remuneration policy as of 2020.

Ageas will submit this report for approval to the General Meeting of Shareholders on 20 May 2020.

Lionel Perl
Chair of the Remuneration Committee
24 March 2020

4.7.1 The Remuneration Committee

The Remuneration Committee consisted of Lionel Perl (Chair), Jane Murphy and Katleen Vandeweyer. The committee held 5 meetings including two joint meetings with the Corporate Governance Committee during the year under review. The CEO, the CDO, in his capacity as ultimate head of HR, and the Group HR Director, attended the meetings of the Remuneration Committee, except for matters relating to themselves. Attendance details can be found in section 4.5 Board of Directors.

The Remuneration Committee is assisted by Willis Towers Watson, an external professional services company. Willis Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

4.7.2 Key objectives of our remuneration policy

The key objectives of our policy are to ensure market competitiveness, provide full transparency on remuneration and guarantee compliance with existing and upcoming Belgian legislation and European regulations.

Market competitiveness

The remuneration of both the Board of Directors and of the Executive Committee is intended:

- to ensure the organisation's continued ability to attract, motivate and retain executive talent in an international marketplace;
- to promote achievement of demanding performance targets and long-term sustainable growth, this in order to align the interests of executives and shareholders in the short, medium and long term;
- to stimulate, recognise and reward both strong individual contribution and solid team performance.

Transparency

The Board of Directors will submit for approval to the Annual General Meeting of Shareholders a new remuneration policy that aims to update the one currently in place and which also reflects the latest developments in the Corporate Governance and legislation landscape. The Board of Directors will continue to submit any update or modification to the shareholders for approval.
The present Remuneration Report provides detailed insights into the work of the Remuneration Committee and the implementation of the remuneration policy for financial year 2019.

Compliance with existing and upcoming legislation

Ageas is closely monitoring existing and upcoming legislation and trying to anticipate changes when appropriate. In light thereof, Ageas has drafted a new Remuneration Policy and Remuneration Report in the spirit of the EU Shareholder Rights' Directive and its local Belgian implementation as well as of the Belgian Corporate Governance Code 2020.

4.7.3 What did we discuss in 2019?

In 2019 the Committee discussed and submitted recommendations to the Board of Directors on:

- The compensation of the newly appointed CRO;
- The impact of the Shareholders Right Directive, the new Belgian Corporate Governance Code 2020 and the new Company law;
- The compensation of the internal control functions;
- The benchmarking and the alignment of the remuneration of Ageas Non-Executive Directors representing Ageas in the Board of Ageas group consolidated entities;
- The benchmarking and review of the remuneration of the members of the Management and Executive Committee against current market practices;
- The disclosure of the remuneration of Board and Executive Committee Members in the notes to the Annual Consolidated Financial Statements;
- The report of the Remuneration Committee as included in the Corporate Governance Statement;
- The share-linked incentive plan in favour of senior management.

In the joint meeting with the Corporate Governance Committee, the following topics were discussed and submitted to the Board of Directors for validation:

- The individual targets (quantitative and qualitative) for the members of the Management and Executive Committee;
- The targets for the business KPI's;
- The specific KPI's for the Group Risk Officer; (see 4.7.7 for more details on the specific KPI's.);
- The assessment of the results on the individual objectives and the business KPI's;
- The individual Short-term incentive (STI) and Long-term incentive (LTI) of the members of the Management and Executive Committee based on above assessment.

4.7.4 Shareholder engagement

The Annual General Meeting held on 15 May 2019 approved the Remuneration Report 2018 with 95.38% of shareholder votes. We are committed to enduring engagement with all our shareholders and we will always actively consider their feedback to shape our remuneration practices.

4.7.5. Policy implementation in 2019

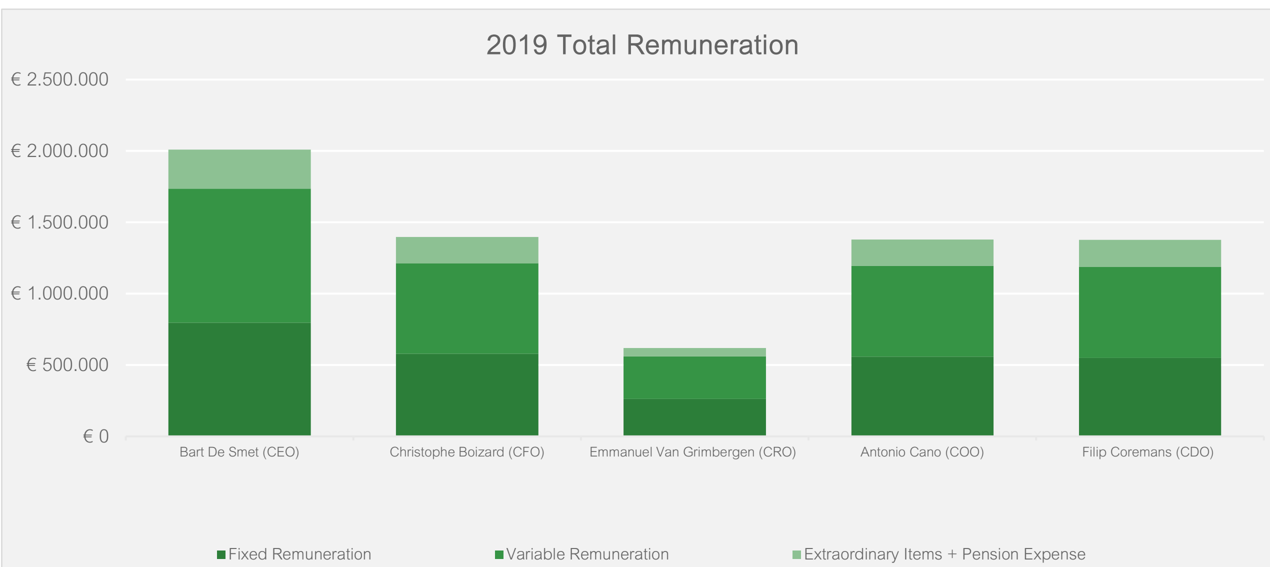
Board of Directors

Remuneration of the Board of Directors consists of a fixed annual remuneration and an attendance fee. Since 2018, the fixed annual remuneration amounts to EUR 120,000 for the Chairman and EUR 60,000 for the other Non-Executive Board Members. Non-Executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting. No changes were proposed to these levels in 2019.

The General Meeting of Shareholders validated on 15 May 2019 the proposal to align the remuneration of the Non-Executive Directors representing ageas SA/NV in Ageas Group consolidated entities.

Since 2019, the fixed annual remuneration amounts in this case to EUR 60,000 for the Chairman and EUR 45,000 for the other Non-Executive Board Members. Non-Executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting.

Executive Committee



Data for E. Van Grimbergen as of his appointment on 1 June 2019.

Following the assessment of the competitive positioning of the remuneration of the Executive Management in the second half of 2018, the base compensation of the CEO is as of 1 January 2019 positioned at EUR 700,000 per year, within the range for CEO base compensation of EUR 550,000 to EUR 750,000 as approved by the shareholders.

The base compensation of Filip Coremans (CDO), Christophe Boizard (CFO) and Antonio Cano (COO) is positioned at EUR 485,000 per year.

All variable awards in relation to the 2019 performance were made in line with the Remuneration Policy. The key decisions made by the Committee were as follows:

- The STI outcomes for the Executive Committee Members were determined by reference to the achievement of both personal and financial performance criteria. For the CRO specific criteria related to the risk function apply. After assessing the achievement levels, the Board of Directors decided upon the following payouts for performance year 2019:
  - Bart De Smet (CEO): 133% of target;
  - Christophe Boizard (CFO): 127 % of target;
  - Emmanuel Van Grimbergen (CRO): 120% of target;
  - Antonio Cano (COO): 129% of target;
  - Filip Coremans (CDO): 129% of target.
- With an Ageas business score of 5 (on a range of 1 to 7), the Board of Directors decided on a grant of 150% of the target of the LTI (or 67.5% of base compensation).

New Executive Committee appointments

In May 2019 the General Meeting of Shareholders appointed Emmanuel Van Grimbergen as Chief Risk Officer as of June 2019. Prior to this, Emmanuel Van Grimbergen served as Group Risk Officer and was a Member of Ageas's Management Committee for eight years. His remuneration package is fully in line with the Remuneration Policy for the other Executive Committee Members, with a base compensation of EUR 400,000.

4.7.6. Looking ahead to 2020

In its meeting of 4 November 2019, the Remuneration Committee discussed the impact of the Belgian Corporate Governance Code 2020, the Shareholders Right Directive ("Say on Pay") and the new Company law. Following these discussions the Committee validated the following proposals for implementation in 2020.

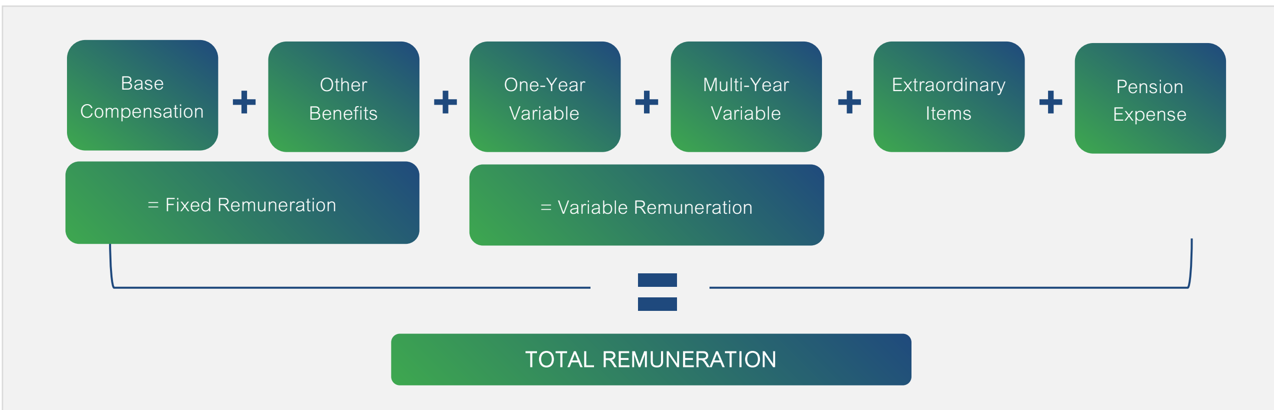
- The Remuneration Committee discussed principle 7.6 of the new Belgian Corporate Governance Code which states that Non-Executive Board members should receive part of their remuneration under the form of company shares. In this respect it was proposed to i) anticipate the next competitive review of the Ageas Board Remuneration and to perform the review on 1 January 2020 and ii) pay any potential increase of the Board remuneration based on this benchmarking exercise in the form of shares up to a maximum of 20 % of the fixed remuneration. Following the results of this review in January 2020 it was decided that there would be no increase of the remuneration of the Board of Directors for 2020. Nevertheless, Ageas confirms its intention to pay future increases up to a maximum of 20 % of the fixed remuneration in the form of shares, this in compliance with the Belgian Corporate Governance Code 2020.
- The Remuneration Committee discussed principle 7.9 of the new Belgian Corporate Governance Code which states that the Board should set a minimum threshold of shares to be held by Executive Committee members. In this respect it was proposed to integrate the following provision in the Remuneration Policy as of 2020:
  - Members of the Executive committee are subject to a shareholding requirement of 100 % of annual gross base compensation.
  - As long as they have not reached or respect this threshold, they will be restricted from selling shares which vest under the LTI-plan (excluding the sale of shares to cover taxes on vesting).
  - The valuation of the requirement will occur yearly based on the shareholding by the Exco-member at 31 December. The requirement will last till one year after terminating the mandate.
- Ageas will submit an updated Remuneration Policy for approval to the General Meeting of Shareholders that will take place on 20 May 2020.

Board of Directors
24 March 2020

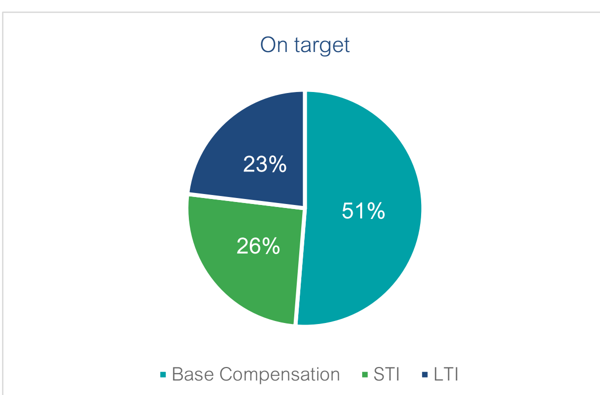
4.7.7 Our 2019 Remuneration Policy at a glance

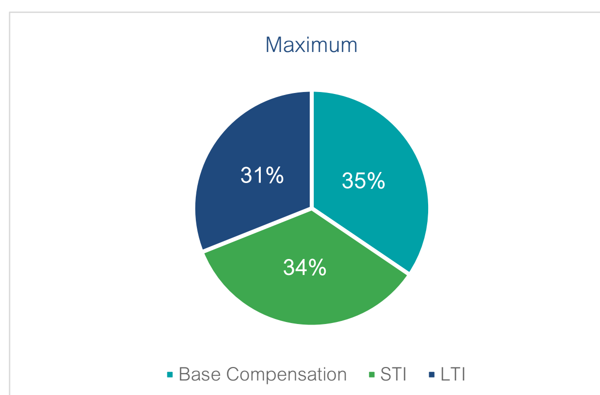
4.7.7.1 Executive Committee

The Remuneration Policy of Ageas's Executive Committee members is reviewed annually by the Remuneration committee. The total remuneration package of the Executive Committee Members consists of the following elements that will be further explained in this report:



The pie charts below show the pay mix (base compensation vs. STI vs. LTI) for an Executive Committee Member both on target and at maximum:





Fixed Remuneration

Fixed Remuneration	Principles
Base Compensation	Base Compensation is reviewed annually and compared with that of other BEL 20 companies and major European-based insurance firms. The objective of Ageas is to position the base compensation of the Executive Committee within a range of 80% to 120% of the chosen median market reference.
Other Benefits	The Executive Committee Members receive benefits in line with Ageas's remuneration policy, including health care, death, disability coverage and a company car.

Variable Remuneration

1. One-Year Variable (STI)

Principles

The Short-Term Incentive (STI) on target is set at 50% of base compensation, with a maximum opportunity equal to 100% of base compensation.

The STI is subject to a deferral period of three years, i.e. STI for performance year N is paid out as follows:

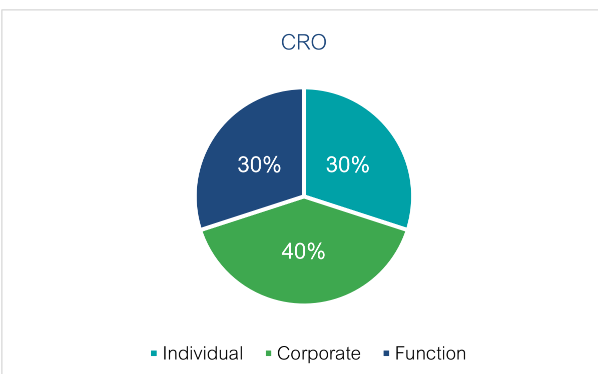
- 50% during N + 1
- 25% during N + 2
- 25% during N + 3

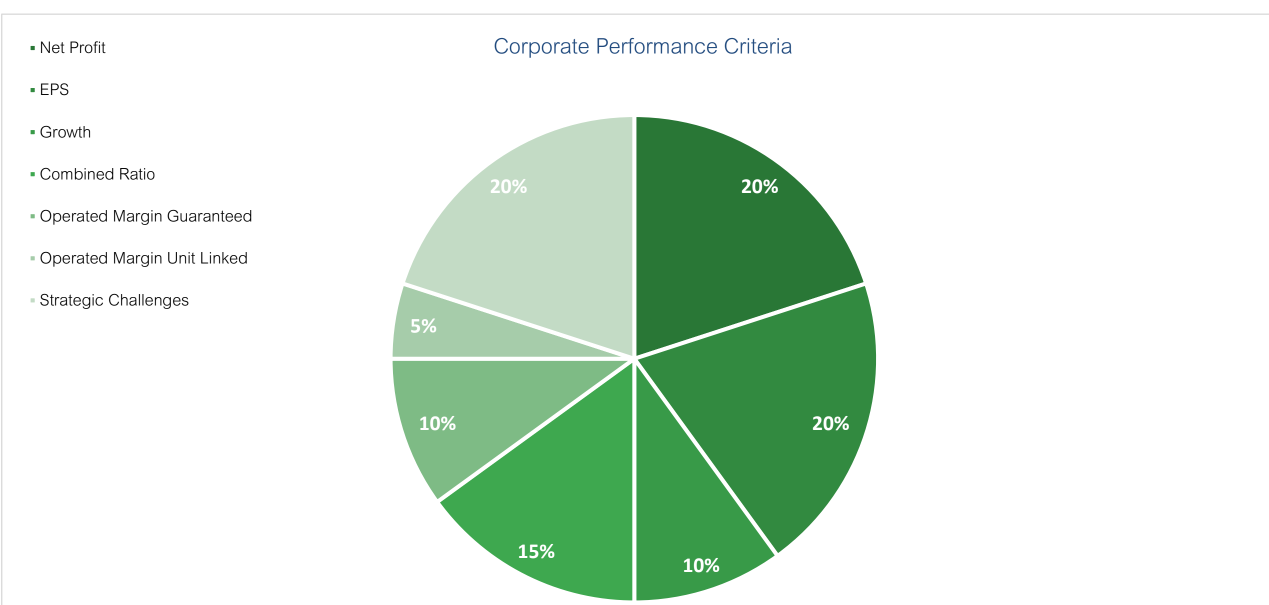
In line with the Remuneration Policy, deferred amounts are subject to the achievement of sustained performance over the deferral period and are therefore subject to upwards or downwards adjustments.

The Short-Term Incentive Plan includes a claw-back provision.

Performance Criteria

Annual performance is assessed against both corporate and individual performance criteria for all Executive Committee Members. For the CRO, there are specific criteria linked to the Risk function.





2. Multi-Year Variable (LTI)

Principles

The Long-Term Incentive Plan target is set at 45% of base compensation for all Executive Committee Members, with a maximum opportunity equal to 90% of base compensation.

Performance/Vesting and Holding Period

The performance shares vest 3.5 years after grant. After vesting, the shares will have to be held for an additional 1.5 years (5 years in total as of date of grant). After this blocking period, the beneficiaries may sell the vested shares under certain conditions in line with the Remuneration Policy.

Performance Criteria

A two-step methodology is used to determine the number of shares that will be granted (step 1) and the number of shares that will vest at the end of the performance period that lasts 3.5 years (step 2).

Step 1 - Grant methodology

The number of shares to be granted under this plan is based on the "Ageas Business Score" which is the result of the achievement on the corporate KPI's (please refer to the STI section just above for further details) and is calculated as follows:

	Grant	
AGEAS Business Score	% of Target	% of Base Compensation
<3	0%	0%
3	50%	22.50%
4 (on target)	100%	45%
5	150%	67.50%
6 or 7	200%	90%

Step 2 - Vesting methodology

The vesting after 3.5 years is subject to a relative total shareholder return (TSR) performance measurement as compared to a peer group. The vesting scheme of the performance shares is shown in the following table:

Percentile TSR Ranking	Vesting %
≥75%	200%
≥60%-<75%	150%
≥40%-<60%	100%
≥25%-<40%	50%
<25%	0%

Peer Group

The following companies, which have a comparable business model and include a number of competitors, constitute the peer group for the 2019 grant:

AEGON NV	KBC GROEP NV
ALLIANZ SE-REG	MAPFRE SA
ASSICURAZIONI GENERALI	NATIONALE NEDERLANDEN
AVIVA PLC	PRUDENTIAL PLC
AXA SA	SAMPO OYJ-A SHS
BALOISE INSURANCE	SWISS LIFE HOLDING AG-REG
BNP PARIBAS	VIENNA INSURANCE GROUP AG
CNP ASSURANCES	ZURICH INSURANCE GROUP AG

Extraordinary items and Pension

Pay Element	Principles
Extraordinary items	For each Member of the Executive Committee, severance pay equals 12 months' salary which can in specific circumstances be increased to 18 months (including the non-competition provision). More detailed information on termination arrangements applicable to the Executive Committee is available in our Remuneration Policy which can be found on Ageas's website.
Pension	Executive Committee Members benefit from a Defined Contribution pension plan. The pension contribution for Executive Committee Members is equal to 25% of (base compensation + variable pay). This plan includes death coverage as well.

4.7.7.2 Board of Directors

Board of ageas SA/NV

Per policy terms, Non-Executive Board Members of Ageas receive a fixed fee and an attendance fee, whereas Committee Members only receive attendance fees. The table below gives an oveview of the fixed fees and attendance fees applicable for the Ageas Board since 1 January 2018.

	Board		Committee	
	Chair	Member	Chair	Member
Fixed Fee	€ 120,000	€ 60,000	N/A	N/A
Attendance Fee	€ 2,500	€ 2,000	€ 2,000	€ 1,500

In accordance with the Remuneration Policy for 2019, Non-Executive Board Members do not receive variable and or equity-related remuneration and are not entitled to pension rights.

The remuneration of the Executive Board Members (i.e. the Executive Committee Members) is related exclusively to their position as Executive Committee Members.

Representing ageas SA/NV in Ageas Group consolidated entities

The remuneration of the Non-executive Directors representing ageas SA/NV in Ageas Group consolidated entities has been aligned since 1 January 2019 according to the table below:

	Board		Committee	
	Chair	Member	Chair	Member
Fixed Fee	€ 60,000	€ 45,000	N/A	N/A
Attendance Fee	€ 2,500	€ 2,000	€ 2,000	€ 1,500

Consolidated Financial Statements 2019

Consolidated statement of financial position

(before appropriation of profit)

	Note	31 December 2019	31 December 2018
Assets			
Cash and cash equivalents	*9*	3,745.4	2,924.8
Financial investments	*10*	64,002.3	61,442.6
Investment property	*11*	2,602.5	2,727.3
Loans	*12*	11,072.0	9,788.5
Investments related to unit-linked contracts		16,428.9	15,509.3
Investments in associates	*13*	4,716.0	3,071.0
Reinsurance and other receivables	*14*	1,860.0	1,843.1
Current tax assets		83.1	64.2
Deferred tax assets	*22*	106.3	139.6
Accrued interest and other assets	*15*	1,910.8	1,837.1
Property, plant and equipment	*16*	1,718.6	1,234.6
Goodwill and other intangible assets	*17*	1,202.8	1,097.1
Assets held for sale			7.1
Total assets		109,448.7	101,686.3
Liabilities			
Liabilities arising from Life insurance contracts	*19.1*	28,761.2	26,987.5
Liabilities arising from Life investment contracts	*19.2*	32,242.7	30,860.1
Liabilities related to unit-linked contracts	*19.3*	16,438.1	15,511.1
Liabilities arising from Non-life insurance contracts	*19.4*	7,597.6	7,424.6
Subordinated liabilities	*20*	3,116.7	2,285.0
Borrowings	*21*	2,956.4	2,184.2
Current tax liabilities		49.6	35.7
Deferred tax liabilities	*22*	1,119.4	1,039.6
RPN(I)	*23*	359.0	358.9
Accrued interest and other liabilities	*24*	2,744.8	2,586.0
Provisions	*25*	582.5	887.1
Liabilities related to assets held for sale			6.9
Total liabilities		95,968.0	90,166.7
Shareholders' equity	*18*	11,221.3	9,411.4
Non-controlling interests	*26*	2,259.4	2,108.2
Total equity		13,480.7	11,519.6
Total liabilities and equity		109,448.7	101,686.3

Consolidated income statement

	Note		2019		2018
Income					
- *Gross premium income*		*9,383.6*		*8,860.0*	
- *Change in unearned premiums*		*(0.2)*		*52.9*	
- *Ceded earned premiums*		*(362.2)*		*(266.6)*	
Net earned premiums	*30*		9,021.2		8,646.3
Interest, dividend and other investment income	*31*		2,612.3		2,670.5
Unrealised gain (loss) on RPN(I)	*23*		(0.1)		89.1
Result on sales and revaluations	*32*		326.5		314.9
Investment income related to unit-linked contracts	*33*		1,898.5		(652.9)
Share in result of associates	*13*		622.9		251.5
Fee and commission income	*34*		364.6		296.5
Other income	*35*		253.3		210.8
Total income			15,099.2		11,826.7
Expenses					
- *Insurance claims and benefits, gross*		*(8,440.3)*		*(7,904.6)*	
- *Insurance claims and benefits, ceded*		*145.7*		*21.5*	
Insurance claims and benefits, net	*36*		(8,294.6)		(7,883.1)
Charges related to unit-linked contracts			(1,976.7)		588.2
Financing costs	*37*		(128.8)		(122.5)
Change in impairments	*38*		(56.2)		(134.6)
Change in provisions	*25*		(5.2)		(10.3)
Fee and commission expenses	*39*		(1,092.5)		(1,047.5)
Staff expenses	*40*		(831.1)		(809.3)
Other expenses	*41*		(1,281.4)		(1,157.9)
Total expenses			(13,666.5)		(10,577.0)
Result before taxation			1,432.7		1,249.7
Tax income (expenses)	*42*		(254.5)		(252.8)
Net result for the period			1,178.2		996.9
Attributable to non-controlling interests	*26*		199.0		187.8
Net result attributable to shareholders			979.2		809.1
Per share data (EUR)					
Basic earnings per share	*18*		5.09		4.11
Diluted earnings per share	*18*		5.08		4.11

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as below.

	Note	2019	2018
Gross premium income		9,383.6	8,860.0
Inflow deposit accounting (directly recognised as liability)	*30*	1,161.8	1,201.3
Gross inflow		10,545.4	10,061.3

Consolidated statement of comprehensive income

	Note	2019	2019	2018	2018
COMPREHENSIVE INCOME					
Items that will not be reclassified to the income statement:					
Remeasurement of defined benefit liability		*(84.1)*		*45.0*	
Related tax		*22.1*		*(7.8)*	
Remeasurement of defined benefit liability	6	(62.0)		37.2	
Total of items that will not be reclassified to the income statement:			(62.0)		37.2
Items that are or may be reclassified to the income statement:					
Change in amortisation of investments held to maturity		*6.1*		*9.2*	
Related tax		*(1.5)*		*(2.3)*	
Change in amortisation of investments held to maturity	10	4.6		6.9	
Change in revaluation of investments available for sale [1]		*663.3*		*(414.8)*	
Related tax		*(90.8)*		*31.5*	
Change in revaluation of investments available for sale	10	572.5		(383.3)	
Share of other comprehensive income of associates	13	858.6		113.0	
Change in foreign exchange differences		169.8		8.9	
Total items that are or may be reclassified to the income statement:			1,605.5		(254.5)
Other comprehensive income for the period			1,543.5		(217.3)
Net result for the period			1,178.2		996.9
Total comprehensive income for the period			2,721.7		779.6
Net result attributable to non-controlling interests		199.0		187.8	
Other comprehensive income attributable to non-controlling interests		100.2		(82.2)	
Total comprehensive income attributable to non-controlling interests			299.2		105.6
Total comprehensive income attributable to shareholders			2,422.5		674.0

1) *Change in revaluation of investments available for sale, includes the revaluation of cash flow hedges and is net of currency differences and shadow accounting.*

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2018	1,549.6	2,251.5	2,481.2	(84.2)	623.2	2,789.6	9,610.9	551.3	10,162.2
Net result for the period					809.1		809.1	187.8	996.9
Revaluation of investments						(176.3)	(176.3)	(87.1)	(263.4)
Remeasurement IAS 19			33.2				33.2	4.0	37.2
Foreign exchange differences				8.0			8.0	0.9	8.9
Total non-owner changes in equity			33.2	8.0	809.1	(176.3)	674.0	105.6	779.6
Transfer			623.2		(623.2)				
Dividend			(403.2)				(403.2)	(201.0)	(604.2)
Change in capital								(84.0)	(84.0)
Treasury shares			(207.3)				(207.3)		(207.3)
Cancellation of shares	(47.2)	(195.7)	242.9						
Share-based compensation		3.5					3.5		3.5
Impact written put option on NCI [1]			(252.9)				(252.9)	1,694.2	1,441.3
Other changes in equity [2]			(14.2)	1.3		(0.7)	(13.6)	42.1	28.5
Balance as at 1 January 2019	1,502.4	2,059.3	2,502.9	(74.9)	809.1	2,612.6	9,411.4	2,108.2	11,519.6
Net result for the period					979.2		979.2	199.0	1,178.2
Revaluation of investments						1,318.7	1,318.7	117.0	1,435.7
Remeasurement IAS 19			(44.8)				(44.8)	(17.2)	(62.0)
Foreign exchange differences				169.4			169.4	0.4	169.8
Total non-owner changes in equity			(44.8)	169.4	979.2	1,318.7	2,422.5	299.2	2,721.7
Transfer			809.1		(809.1)				
Dividend			(415.7)				(415.7)	(149.0)	(564.7)
Change in capital								2.3	2.3
Treasury shares			(184.6)				(184.6)		(184.6)
Cancellation of shares		(201.3)	201.3						
Share-based compensation		0.1					0.1		0.1
Impact written put options on NCI [1]			(1.7)				(1.7)	(5.0)	(6.7)
Other changes in equity [2]			(10.7)				(10.7)	3.7	(7.0)
Balance as at 31 December 2019	1,502.4	1,858.1	2,855.8	94.5	979.2	3,931.3	11,221.3	2,259.4	13,480.7

1) *Relates to the put option on AG Insurance shares and the put option on Interparking shares.*
2) *Other changes in shareholders' equity includes an indemnity paid to BNP Paribas Fortis for the Ageas shares held related to the CASHES securities and the payment to holders of FRESH securities.*

Consolidated statement of cash flow

	Note		2019		2018
Cash and cash equivalents as at 1 January	9		2,924.8		2,552.3
Result before taxation			1,432.7		1,249.7
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	23	0.1		(89.1)	
Result on sales and revaluations	32	(326.5)		(314.9)	
Share in result of associates	13	(622.9)		(251.5)	
Depreciation, amortisation and accretion	41	654.0		675.3	
Impairments	38	56.2		134.6	
Provisions	25	(7.6)		16.2	
Share-based compensation expense	40	7.1		8.7	
Total adjustments to non-cash items included in result before taxation			*(239.6)*		*179.3*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	10	(4.7)		31.7	
Loans	12	(1,242.5)		(827.5)	
Reinsurance and other receivables	14	50.4		278.0	
Investments related to unit-linked contracts		(919.6)		318.1	
Borrowings	21	200.5		124.5	
Liabilities arising from insurance and investment contracts	19.1 & 19.2 & 19.4	3,410.4		(696.4)	
Liabilities related to unit-linked contracts	19	863.4		(403.8)	
Net changes in all other operational assets and liabilities		(2,995.8)		742.6	
Dividend received from associates	13	154.8		168.7	
Income tax paid		(243.0)		(303.4)	
Total changes in operating assets and liabilities			*(726.1)*		*(567.5)*
Cash flow from operating activities			467.0		861.5
Purchases of financial investments	10	(7,515.0)		(8,034.0)	
Proceeds from sales and redemptions of financial investments	10	7,983.3		8,400.6	
Purchases of investment property	11	(102.2)		(110.6)	
Proceeds from sales of investment property	11	314.4		34.9	
Purchases of property, plant and equipment	16	(129.2)		(90.6)	
Proceeds from sales of property, plant and equipment	16	(0.4)		0.9	
Acquisitions of subsidiaries and associates (including capital increases in associates)	3	(353.4)		(178.3)	
Divestments of subsidiaries and associates (including capital repayments of associates)	3	127.1		429.0	
Purchases of intangible assets	17	(58.5)		(31.8)	
Proceeds from sales of intangible assets	17	4.0		0.1	
Cash flow from investing activities			270.1		420.2
Proceeds from the issuance of subordinated liabilities	20	1,311.4			
Redemption of subordinated liabilities	20	(484.4)			
Purchases of treasury shares		(184.6)		(207.3)	
Dividends paid to shareholders of parent companies		(415.7)		(403.2)	
Dividends paid to non-controlling interests		(149.0)		(201.0)	
Repayment of capital (including minority interests)				(98.0)	
Cash flow from financing activities			77.7		(909.2)
Effect of exchange rate differences on cash and cash equivalents			5.8		
Cash and cash equivalents as at 31 December	9		3,745.4		2,924.8
Supplementary disclosure of operating cash flow information					
Interest received	31	1,942.6		2,023.9	
Dividend received from financial investments	31	137.9		137.3	
Interest paid	37	(107.5)		(119.2)	

General Notes

01

Legal structure

ageas SA/NV, incorporated in Belgium with its registered office at Rue du Marquis 1/Markiesstraat 1, Brussels, Belgium, is the parent company of the Ageas Group. The Annual Report includes the Consolidated Financial Statements of the Ageas group and the Financial Statements of ageas SA/NV.

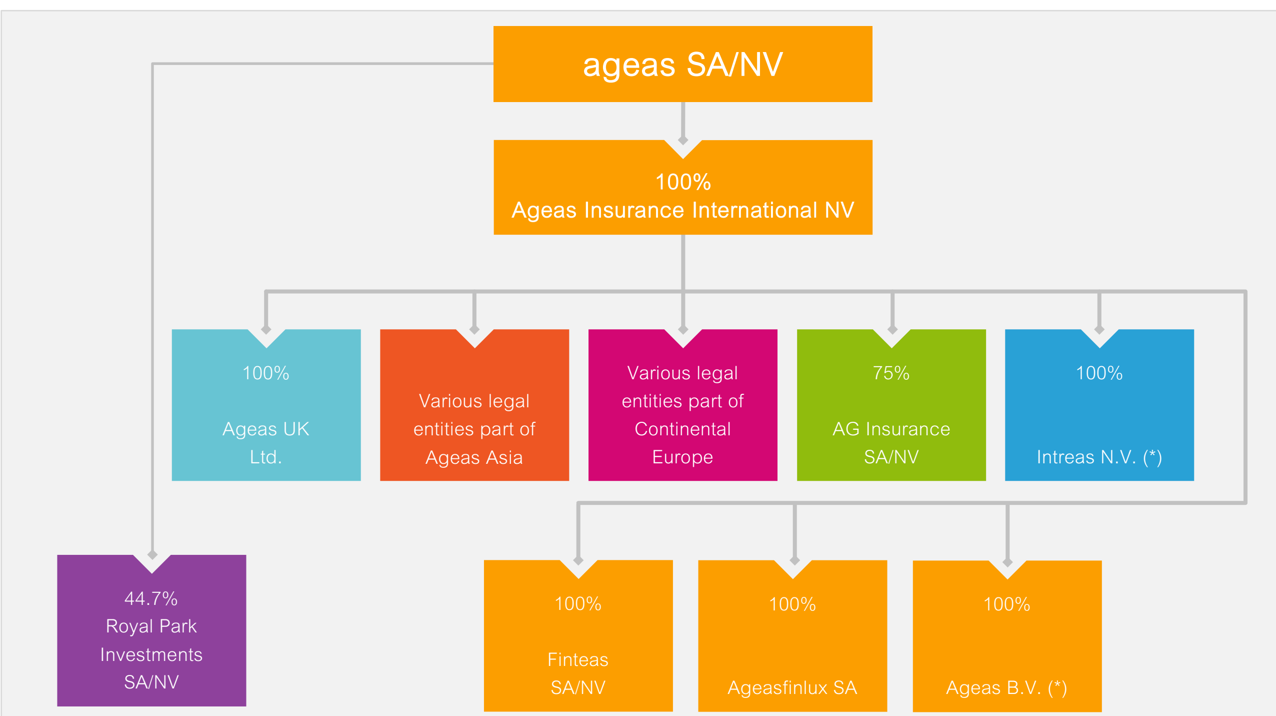
Ageas shares are listed on the regulated market of Euronext Brussels. Ageas has a sponsored ADR programme in the United States.

Known shareholders of ageas SA/NV, based on the official notifications, as at 31 December 2019 are:

- Ping An 5.17%;
- BlackRock, Inc 5.00%;
- Schroders Plc 2.94%;
- Fosun 5.06%;
- ageas SA/NV and its subsidiaries hold 3.01% of its own shares. This interest is related to the FRESH (see note 18 Shareholders' equity and note 20 Subordinated liabilities), restricted share programmes and the share buy-back programmes (see note 18 Shareholders' equity).

(*) On 31 December 2019, Intreas N.V. and Ageas B.V. have been liquidated.

The legal structure of Ageas is per 31 December 2019 as follows.



Fully consolidated entities of Ageas in Continental Europe are in Portugal, Millenniumbcp Ageas (51%), Ocidental Seguros (100%), Médis (100%), Ageas Portugal Vida (100%) and Ageas Portugal Seguros (100%) and in France, Ageas France (100%). The full list of undertakings in the scope of the Group is published in the 'Ageas SFCR - Quantitative Reporting' which can be found on the website: https://www.ageas.com/investors/quarterly-results.

02

Summary of accounting policies

The Ageas Consolidated Financial Statements 2019, including all the notes, comply with the International Financial Reporting Standards (IFRS) as at 1 January 2019, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) on that date.

2.1 Basis of accounting

The accounting policies applied in the Ageas Consolidated Financial Statements 2019 are consistent with those applied for the year ended at 31 December 2018, except for the changes listed in paragraph 2.2 below.

The Ageas Consolidated Financial Statements are prepared on a going concern basis and are presented in euros, the functional currency of the parent company of Ageas. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Assets and liabilities recorded in the statement of financial position of Ageas usually have a duration of more than 12 months, except for cash and cash equivalents, reinsurance and other receivables, accrued interest and other assets, non-life insurance liabilities, accrued interest and other liabilities and current tax assets and liabilities.

The most significant IFRS standards applied for the measurement of the assets and liabilities are:

- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 23 for borrowing costs (loans);
- IAS 28 for investments in associates and joint ventures;
- IAS 32 for financial instruments – presentation;
- IAS 36 for impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments – recognition and measurement;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for insurance contracts;
- IFRS 7 for disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 10 for consolidated financial statements;
- IFRS 12 for disclosure of interests in other entities;
- IFRS 13 for fair value measurement;
- IFRS 15 for revenue from contracts with customers and
- IFRS 16 for leases.

2.2 Changes in accounting policies

2.2.1 Current-year changes in IFRS standards

In 2019, the following new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations became effective, as adopted by the EU.

Amendments to IFRS 9 on prepayment features with negative compensation

The IASB issued the amendments to IFRS 9 'prepayment features with negative compensation' in October 2017. The EU endorsed these amendments in March 2018 and they apply for annual reporting periods beginning on or after 1 January 2019.

These narrow-scope amendments to IFRS 9 'financial instruments' enable entities to measure at amortised cost some prepayable financial assets with negative compensation. Without these amendments, those financial assets would not pass the solely payments of principal and interest (SPPI) test under IFRS 9, requiring those financial assets to be measured at fair value through profit or loss (FVPL).

Ageas decided not to apply IFRS 9 'financial instruments' as from 2018 because Ageas is eligible to apply the temporary exemption from applying IFRS 9. Further guidance in this respect is included below in the subsection on 'amendments to IFRS 4 on applying IFRS 9 financial instruments with IFRS 4 insurance contracts'. Although Ageas decided to apply the temporary exemption from IFRS 9, the requirements in this narrow-scope amendments to IFRS 9 are taken into account in the SPPI-test that Ageas performs in the context of the annual disclosure on the amendments to IFRS 4 on 'applying IFRS 9 financial instruments with IFRS 4 insurance contracts'.

IFRS 16 leases

The IASB issued IFRS 16 'leases' in January 2016 and the EU endorsed the standard in October 2017. IFRS 16 applies for annual reporting periods beginning on or after 1 January 2019.

IFRS 16 replaces the previous standards IAS 17 'leases', SIC-15 'operating leases – incentives', SIC-27 'evaluating the substance of transactions involving the legal form of a lease' and IFRIC 4 'determining whether an arrangement contains a lease'.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. These principles apply to both parties of a lease agreement: the 'customer' (lessee) and the 'supplier' (lessor).

The main change brought by IFRS 16, compared to IAS 17, relates to the measurement and presentation of leases as lessee. In order to ensure a faithful representation of its leases in its financial statements, a lessee shall recognise a right-of-use asset and a lease liability. The lease liability is discounted using the lessee's incremental borrowing rate and the interest expense on the lease liability is presented separately from the depreciation expense of the right-of-use asset. Lease payments are presented as cash flows from operating activities in the consolidated cash flow statement, as part of 'borrowings'.

On adoption of IFRS 16 (i.e. 1 January 2019), Ageas applied the modified retrospective approach, with recognition of the cumulative effect of initially applying IFRS 16 to all leases as an adjustment to the opening balance as per 1 January 2019, without restatement of comparative information of prior reporting periods.

For leases previously classified as an operating lease applying IAS 17, a right-of-use asset has been recognised as per 1 January 2019 at an amount equal to the lease liability at the same date. For leases previously classified as a finance lease applying IAS 17, the carrying amount of the right-of-use asset and lease liability as per 1 January 2019 equals the carrying amount of the lease asset and lease liability as per 31 December 2018, applying IAS 17.

The lease liabilities as per 1 January 2019 have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. More details on the determination of this rate are included in section 2.8.7 of these Accounting Policies. At the date of initial application of IFRS 16, the lease liabilities of leases, that were previously classified as an operating lease applying IAS 17, have been measured applying a weighted average incremental borrowing rate of 3.86%. In determining this rate, Ageas considered the remaining lease term for its (long-term) car park leases. For all other leases, that represent a minority of the total lease liabilities recognised as per 1 January 2019, the original lease term has been considered.

In applying the modified retrospective approach to IFRS 16, the following practical expedients provided by IFRS 16 were applied:

- Grandfathering of the definition of a lease: Ageas applied IFRS 16 to all lease agreements entered into force before 1 January 2019 and that were identified as leases applying IAS 17 and IFRIC 4. As such, Ageas did not reassess whether a contract is or contains a lease as defined under IFRS 16 at the initial recognition date of IFRS 16;
- Application of a single discount rate to portfolios of leases with reasonably similar characteristics;
- Non-lease components have not been separated;
- For leases of which the lease term ends within the calendar year 2019, no right-of-use asset nor lease liability has been recognised. Instead, the lease payments of those leases have been recognised as expense, in line with the exemption provided for short-term leases and
- Application of the exemptions to the IFRS 16 measurement model for short-term leases and leases for which the underlying asset is of low value to Ageas. For those leases, no right-of-use asset nor lease liability has been recognised. Instead, the lease payments of those leases have been recognised as expense.

The adjustments made to the opening balance as per 1 January 2019 are disclosed in the following notes to this Ageas Consolidated Financial Statements:

- Note 11 on Investment property;
- Note 16 on Property, plant and equipment and
- Note 21 on Borrowings.

The reconciliation between the operating lease commitments as per 31 December 2018 applying IAS 17 and the lease liability as per 1 January 2019 applying IFRS 16 is as follows:

	Total
Operating lease commitments as per 31 December 2018	680.6
Adjustments relating to short-term leases, leases of low-value assets and other for which no lease liability is recognised as per 1 January 2019	17.3
Operating lease commitments as per 31 December 2018, subject to discounting	697.9
Operating lease commitments as per 31 December 2018, discounted applying the incremental borrowing rate as per 1 January 2019	480.9
Finance lease liabilities recognised as per 31 December 2018	16.7
Contracts reassessed as lease agreements	8.5
Lease obligations recognised as per 1 January 2019	506.1

Apart from the impact of the recognition of the right-of-use asset and lease liability for leases of real-estate and employee company cars, that were previously classified as an operating lease under IAS 17, the implementation of IFRS 16 did not result in a significant impact on shareholders' equity and other comprehensive income. The implementation of IFRS 16 did not result in adjustments to the amounts recognised for assets Ageas holds as lessor.

Car park concessions, being considered as public-to-private arrangements, fall in the scope of IFRIC 12 'service concession rights' and are as such excluded from the scope of IFRS 16 'leases'. For reasons of consistency with IFRS 16 principles, an additional intangible asset has been recognised in the opening balance as per 1 January 2019 at an amount equal to the liability related to car park concessions that were not (entirely) prepaid at 1 January 2019. The adjustments made to the opening balance as per 1 January 2019 amount to EUR 48.5 million and are disclosed in note 17 on goodwill and other intangible assets and note 21 on borrowings to this Ageas Consolidated Financial Statements.

Other changes in IFRS standards

Other changes in IFRS standards, interpretations and amendments to IFRS standards and interpretations that became effective as from 1 January 2019 (and that are endorsed by the EU), did not affect the consolidated statement of financial position or income statement of Ageas in a significant way. Those changes relate to:

- IFRIC 23 'uncertainty over income tax treatments';
- Amendments to IAS 28 'long-term interests in associates and joint ventures';
- Amendments to IAS 19 'plan amendment, curtailment or settlement' and
- Annual improvements to IFRS standards (2015-2017 cycle): IFRS 3 'business combinations', IFRS 11 'joint arrangements', IAS 12 'income taxes' and IAS 23 'borrowing costs'.

2.2.2 Upcoming changes in IFRS Standards

The following new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations will become effective for annual reporting periods beginning on 1 January 2020 or later.

Amendments to IFRS 4 on applying IFRS 9 financial instruments with IFRS 4 insurance contracts

The IASB issued the completed version of IFRS 9 'financial instruments' in July 2014 and the EU endorsed IFRS 9 in November 2016. Although IFRS 9 applies for annual reporting periods beginning on or after 1 January 2018, Ageas continued to apply IAS 39 'financial instruments – recognition and measurement' in 2018 and 2019. The paragraphs below explain the reasons behind this derogation.

In order to address the implementation challenges of IFRS 9 'financial instruments' before the effective date of IFRS 17 'insurance contracts' (1 January 2022), the IASB issued in September 2016 the 'amendments to IFRS 4: applying IFRS 9 financial instruments with IFRS 4 insurance contracts'. The EU endorsed these amendments in November 2017. A year later, in November 2018, the IASB tentatively voted, together with a one-year deferral of the effective date of IFRS 17, to extend to 2022 the temporary exemption for insurers to apply IFRS 9, so that insurers can apply both IFRS 9 and IFRS 17 at the same time. The IASB reconfirmed this position in the exposure draft on 'amendments to IFRS 17', issued on 26 June 2019. In addition to the above, the IASB tentatively decided during its March 2020 Board meeting to defer the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023 and to extend the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

These amendments to IFRS 4 foresee in two options to minimise the effect of the different effective dates of IFRS 9 and IFRS 17. These options are the overlay approach and the temporary exemption from applying IFRS 9.

The temporary exemption from applying IFRS 9 is an optional temporary exemption from applying IFRS 9 no later than reporting periods beginning on or after 1 January 2023 for entities whose activities are predominantly connected with issuing contracts within the scope of IFRS 4. Ageas performed such a predominance analysis at the reference date of 31 December 2015 and concluded being eligible to apply the temporary exemption from applying IFRS 9. This means that:

- The carrying amount of Ageas's liabilities arising from contracts within the scope of IFRS 4 are significant compared to the total carrying amount of all the liabilities of Ageas and
- The percentage of the total carrying amount of Ageas's liabilities connected with insurance relative to the total carrying amount of all the liabilities of Ageas is greater than 90 per cent.

No reassessment of this analysis has been performed at a subsequent date because there were no substantial changes in the business of Ageas that would require such a reassessment.

Since Ageas is eligible to apply the temporary exemption from applying IFRS 9, Ageas decided to do so. In the meanwhile, a combined implementation project on the implementation of IFRS 9 and IFRS 17 is ongoing.

Because Ageas decided to apply the temporary exemption from applying IFRS 9, Ageas discloses following information on fair value disclosure and credit risk exposure, in order to facilitate the comparison between the Ageas Consolidated Financial Statements and other companies applying IFRS 9.

	Fair Value at 31 December 2019		Fair Value at 31 December 2018		Amount of change in fair value in 2019	
Fair value of financial assets (in Euro million)	Do meet SPPI-test	Do not meet SPPI-test	Do meet SPPI-test	Do not meet SPPI-test	Do meet SPPI-test	Do not meet SPPI-test
Cash and cash equivalents	3,743.6	1.8	2,851.5	73.2	892.1	(71.4)
Debt securities, incl. structured notes	61,349.6	180.3	58,442.3	145.6	2,907.3	34.7
Equity securities and other investments		4,649.0		4,462.6		186.4
Derivatives held for trading		10.1		9.9		0.2
Derivatives for hedging purposes		0.3		27.5		(27.2)
Loans	11,537.2	600.4	9,426.5	896.4	2,110.7	(296.0)
Investments related to unit linked		16,428.9		15,509.3		919.6
Other receivables	659.1		717.2		(58.1)	

	Loss allowance is measured				
		At an amount equal to lifetime ECL			
Gross carrying amount applying IAS 39 for financial assets that meet the SPPI test as per 31 December 2019	At an amount equal to 12-month ECL	Significantly increased credit risk since initial recognition but not credit-impaired	Credit-impaired at the reporting date but not purchased or originated credit-impaired	Trade & other receivables measured in accordance with IFRS 9 §5.5.15	Purchased or originated credit-impaired financial assets
AAA	6,147.5				
AA	33,963.1				
A	14,592.3				
BBB	14,911.5				
Total investment grade	**69,614.4**				
Below investment grade	434.8	32.4	26.4		
Unrated	4,413.1	11.1	27.2	601.4	42.7
Total	**74,462.3**	**43.5**	**53.6**	**601.4**	**42.7**

Gross carrying amount applying IAS 39 and fair value for financial assets that meet the SPPI test and that do not have a low credit risk as per 31 December 2019

Gross carrying amount applying IAS 39	1,177.9
Fair value	1,146.6
Difference	**31.3**

IAS 28 'investments in associates and joint ventures' requires an entity to apply uniform accounting policies when using the equity method. Ageas has temporarily derogated from this rule for its associate Maybank Ageas Holdings Berhad. This associate applies IFRS 9 since 2018, while Ageas applied the temporary exemption from applying IFRS 9 over the same reporting period. This derogation from applying uniform accounting policies is permitted by paragraph 39I of the amendments to IFRS 4 on applying IFRS 9 with IFRS 4. The available financial statements of Maybank Ageas Holdings Berhad can be found on following website: (http://www.etiqa.com.my/en/financial-report).

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 'insurance contracts' in May 2017. IFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure of new and in-force groups of insurance contracts. Once effective, IFRS 17 will replace the current standard IFRS 4 'insurance contracts', issued in 2005.

In November 2018, the IASB tentatively decided to propose an amendment including a one-year deferral of the effective date of IFRS 17, requiring the application of IFRS 17 for annual periods beginning on or after 1 January 2022. Together with the one-year deferral of IFRS 17, the IASB also tentatively decided to extend to 2022 the temporary exemption for insurers from applying IFRS 9, so that both IFRS 9 and IFRS 17 can be applied at the same time. The IASB reconfirmed this tentative decision during their Board meeting of April 2019 and in the exposure draft on 'amendments to IFRS 17', issued on 26 June 2019.
In addition to the above, the IASB tentatively decided during its March 2020 Board meeting to defer the effective date of IFRS 17 (incorporating the amendments to be published mid 2020) to annual reporting periods beginning on or after 1 January 2023 and to extend the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In view of the decision of the IASB to align the effective dates of IFRS 9 'financial instruments' and IFRS 17 'insurance contracts', a combined implementation project on IFRS 9 and IFRS 17 is ongoing at Ageas. The effect of implementing IFRS 9 and IFRS 17 will result in a significant change to the accounting policies and presentation in the consolidated IFRS financial statements of Ageas and will affect the reported shareholders' equity, net result and other comprehensive income.

The IASB is currently undertaking a number of activities to support the implementation of IFRS 17. During 2018 and 2019, the members of the IFRS 17 Transition Resource Group (TRG) met different times. Based on the outcome of these meetings, the IASB Board granted, during its meeting of April 2019, approval for the IASB Staff to start the balloting process for issuance of an exposure draft on IFRS 17, including a package of proposed amendments to IFRS 17. The IASB issued this exposure draft on 'amendments to IFRS 17' on 26 June 2019, providing in a comment period until 25 September 2019. The IASB currently analyses and deliberates about the input from the stakeholders to this exposure draft. The IASB expects to issue changes or amendments to IFRS 17 by mid-2020. In view of these developments, it is currently not possible to provide an impact analysis of IFRS 17.

The EU did not yet endorse IFRS 17. In the context of this endorsement, the EU asked the EFRAG to prepare an endorsement advice on IFRS 17. The timing of this endorsement advice will depend of the actions the IASB intends to take during the coming months.

IFRS 17 introduces a current value accounting model for insurance contracts. The IASB expects that IFRS 17 will result in a more consistent accounting of insurance contracts compared to IFRS 4, which is largely based on grandfathering of previous local accounting policies.

The main features of the new accounting model for insurance contracts under IFRS 17 are as follows:

- Measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM), deferring any day one gain in the fulfilment cash flows of a group of insurance contracts, representing the unearned profitability of the insurance contracts to be recognised in the income statement over the service period (i.e. coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the income statement over the remaining period during which services are provided;
- The effect of changes in discount rates will be reported either in the income statement or in other comprehensive income, depending on the entity's accounting policy choice;
- A simplified Premium Allocation Approach (PAA) may be applied for contracts that meet specific conditions, such as for instance a coverage period of one year or less;
- For insurance contract with direct participation features, the general measurement model is modified into a Variable Fee Approach (VFA), by adjusting the CSM with changes in financial variables that adjust the variable fee;
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the reporting period;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (non-distinct investment components), are not presented in the income statement, but are recognised directly on the statement of financial position;
- Increased transparency about the profitability of insurance contracts: insurance service results are presented separately from insurance finance income or expense and
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

Other changes in IFRS standards

Other forthcoming changes in IFRS standards, interpretations and amendments to IFRS standards and interpretations that will become effective on 1 January 2020 or later, are not expected to affect the consolidated statement of financial position or income statement of Ageas in a significant way. Not all of those changes are already endorsed by the EU. Those changes relate to:

- Amendments to references in the conceptual framework in IFRS standards;
- Amendment to IFRS 3 'business combinations';
- Amendments to IAS 1 and IAS 8 relating to the definition of material and
- Amendments to IAS 39, IFRS 7 and IFRS 9 relating to 'Interest Rate Benchmark Reform'.

2.3 Accounting estimates

The preparation of the Ageas Consolidated Financial Statements requires the use of certain estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period. Each estimate by its nature carries a significant risk of material adjustment (positive or negative) to the carrying amounts of assets and liabilities during the next financial year.

The table below includes the estimation uncertainty of the key estimates and assumptions:

Assets

Financial instruments

- Level 2:
  - The valuation model
  - Inactive markets
- Level 3:
  - The valuation model
  - The use of non-market observable input
  - Inactive markets

Investment property:

- The determination of the useful life and residual value

Loans:

- The valuation model
- The use of parameters such as credit spread, maturity and interest rates

Associates:

- Uncertainties depending on the asset mix, operations and market developments

Goodwill impairment testing:

- The valuation model
- Financial and economic variables
- The discount rate used
- The inherent risk premium of the entity

Other intangible assets:

- The determination of the useful life and residual value

Deferred tax assets:

- Interpretation of tax regulations
- Amount and timing of future taxable income

Liabilities

Insurance contract liabilities

- Life:
  - The actuarial assumptions used
  - The yield curve used in the Liability Adequacy Test (LAT-test)
  - The reinvestment profile of the investment portfolio, credit risk spread and maturity, when determining the shadow LAT adjustment
- Non-life:
  - The expected ultimate cost of claims reported at the reporting period
  - The expected ultimate cost of claims incurred but not yet reported at the reporting date
  - Claim adjustment expenses

Pension obligations:

- The actuarial assumptions used
- The discount rate used
- Inflation and salary evolutions

Provisions:

- The likelihood of a present obligation due to events in the past
- The calculation of the best estimated amount

Deferred tax liabilities:

- Interpretation of tax regulations
- Amount and timing of future taxable income

The notes to these Consolidated Financial Statements provide a detailed description on the application of these estimates and assumptions and their effect on the reported figures. Note 4 'Risk Management' of these Consolidated Financial Statements describes the way Ageas mitigates the various risks of the insurance operations.

2.4 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Ageas Consolidated Financial Statements are authorised for issue by the Board of Ageas.

Two types of events can be identified:

- Events that provide evidence of conditions that existed at the end of the reporting period, that result in an adjustment of the amounts recognised in the Ageas Consolidated Financial Statements and
- Events that are indicative of conditions that arose after the reporting period, that do not result in an adjustment of the amounts recognised in the Ageas Consolidated Financial Statements, but of which the nature and an estimate of its financial effect, or a statement that such an estimate cannot be made, is disclosed.

An overview of events after the reporting period is included in note 44 'Events after the date of the statement of financial position' of these Ageas Consolidated Financial Statements.

2.5 Information on operating segments

Ageas's reportable operating segments are primarily based on geographical regions. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics and are managed as such.

Ageas's operating segments are:

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- Reinsurance and
- General account.

Activities not related to insurance and group elimination differences are reported separately from the core insurance activities. Those non-insurance activities are reported in the operating segment 'General account', which includes items such as group financing and other holding activities. In addition, the operating segment 'General account' also includes the investment in Royal Park Investments and the liabilities related to CASHES/RPN(I).

Transactions or transfers between the operating segments occur under normal commercial terms and conditions that would be available to unrelated third parties. Eliminations are reported separately.

2.6 Consolidation principles

The Ageas Consolidated Financial Statements include the financial statements of ageas SA/NV (the parent company) and its subsidiaries.

Subsidiaries

Subsidiaries are those entities over which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from the activities ('control'). In assessing whether Ageas controls another entity, the existence and effect of potential voting rights that are substantive in nature, presently exercisable or presently convertible, are considered.

Subsidiaries are consolidated as of the date on which effective control is transferred to Ageas and are no longer consolidated from the date on which control ceases.

Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale.

Intercompany transactions (balances and gains or losses on transactions between Ageas companies) are eliminated.

Sale of a portion of ownership interest in a subsidiary

Gains or losses on the sale of a portion of ownership interest in a subsidiary are recognised as following:

- If there is no loss of control, the transaction is accounted for as an equity transaction (i.e. transaction with owners in their capacity as owner) or
- If there is a loss of control, the transaction is accounted for in the income statement, calculated on the total participation. Any interest retained in the former subsidiary is measured at fair value at the time of loss of control. However, if the loss of control results from a non-monetary contribution of a subsidiary to an associate or joint venture, the gain or loss is recognised only to the extent of the portion of ownership interest that has been transferred to other investors, resulting in a partial gain recognition.

Associates

Investments in associates are those investments over which Ageas has a significant influence, i.e. power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control.

Investments in associates are accounted for using the equity method. At initial recognition, the investment is recognised at cost, which excludes transaction costs. At subsequent measurement, the share of net income for the year is recognised in the income statement as 'Share in result of associates'. Ageas's share in the associate's post-acquisition direct equity movements is recognised in other comprehensive income. Distributions received from associates reduce the carrying amount of the investment.

Interests in joint ventures, whereby joint control of an arrangement provides Ageas rights to the net assets of that joint arrangement, are accounted for as investments in associates.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses are recognised until the carrying amount of the investment is reduced to zero. Additional losses are only recognised to the extent that Ageas has incurred legal or constructive obligations or made payments on behalf of an associate.

For long-term interests (e.g. inter-company loans) in an associate or joint venture that form part of the net investment in the associate or joint venture, but to which the equity method is not applied, IAS 39 is applied.

Disposal of subsidiaries, businesses and non-current assets

A non-current asset (or disposal group, such as subsidiaries) is classified as 'held for sale' if it is available for immediate sale in its present condition and if its sale is highly probable. A sale is highly probable if:

- There is evidence of management commitment;
- There is an active programme to locate a buyer and complete the plan;
- The asset is actively marketed for sale at a reasonable price compared to its fair value;
- The sale is expected to be completed within 12 months of the date of classification and
- Actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

The probability of shareholder's approval is considered as part of the assessment of whether the sale is highly probable. If regulatory approval is needed, a sale is only considered to be highly probable after this approval.

Non-current assets (or disposal groups) classified as held for sale are:

- Measured at the lower of the carrying amount and fair value less costs to sell (except for the assets that are exempt from this rule such as IFRS 4 insurance rights, financial assets, deferred taxes and pension plans);
- Current assets and all liabilities are measured in accordance with the applicable IFRS;
- Not depreciated or amortised; and
- Presented separately in the statement of financial position (assets and liabilities are not offset).

The date of disposal of a subsidiary or disposal group is the date on which control passes. The consolidated income statement includes the results of a subsidiary or disposal group up to the date of disposal. The gain or loss on disposal is the difference between a) the proceeds of the sale and b) the carrying amount of the net assets plus any attributable goodwill and amounts accumulated in other comprehensive income (for example, foreign translation adjustments and available-for-sale reserves).

A discontinued operation is a part of Ageas that has been disposed of or is classified as held for sale and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Results on discontinued operations are presented separately in the income statement.

2.7 Foreign currency transactions and balances

For individual entities of Ageas, foreign currency transactions are accounted for using the exchange rate at the date of the transaction.

For monetary items, outstanding balances in foreign currencies at year-end are translated at current exchange rates at the end of the reporting period. Foreign exchange differences arising from monetary assets classified as available-for-sale are recognised in the income statement for the exchange differences resulting from changes in amortised cost. Other fair value gains and losses on those instruments are recognised in other comprehensive income.

Non-monetary items measured at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date that the fair values are determined. The resulting exchange gains or losses are recorded in the income statement as change in foreign currency differences, except for those non-monetary items whose fair value change are recorded as a component of equity.

Foreign currency translation

Upon consolidation of entities whose functional currency is not denominated in euro, the statement of financial position of those entities is translated using the exchange rates prevailing at the date of the statement of financial position. The income statement and cash flow statement of those entities is translated at the average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly).

Translation exchange differences are recognised in equity. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges or a net investment in a foreign entity, are recorded in equity, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the date of the statement of financial position. All resulting differences are recognised in equity until disposal of the foreign entity when a recycling to the income statement takes place.

The following table shows the exchange rates of the most relevant currencies for Ageas.

		Rates at end of period		Average rates
1 euro =	31 December 2019	31 December 2018	2019	2018
Pound sterling	0.85	0.89	0.88	0.88
US dollar	1.12	1.15	1.12	1.18
Hong Kong dollar	8.75	8.97	8.77	9.26
Turkey lira	6.68	6.06	6.36	5.71
China yuan renminbi	7.82	7.88	7.74	7.81
Indian Rupee	80.19	79.73	78.83	80.74
Malaysia ringgit	4.60	4.73	4.64	4.76
Philippines Peso	56.90	60.11	57.98	62.21
Thailand baht	33.41	37.05	34.76	38.17
Vietnamese Dong	25,977	26,316	28,384	27,027

2.8 Measurement bases used in preparing the financial statements

The classification and measurement of assets and liabilities are based on the nature of the underlying transactions.

2.8.1 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Ageas classifies and measures financial assets and liabilities based on the nature of the underlying transactions.

Classification of financial assets

Management determines the appropriate classification of its financial instruments at the acquisition date:

- Held-to-maturity: includes debt securities with a fixed maturity of which management has both the intention and the ability to hold the instruments to maturity;
- Loans and receivables: includes debt securities with fixed or determinable payments that are not quoted in an active market and that, upon initial recognition, are not designated as held-for-trading nor as available-for-sale;
- Available-for-sale: includes securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or to changes in interest rates, exchange rates or equity prices and
- Financial assets held at fair value through profit or loss:
  - Held-for-trading: includes securities that are acquired for the purpose of generating short-term profits;
  - Financial securities designated at fair value through profit or loss.

Measurement of financial assets

Held-to-maturity investments are measured at amortised cost less any allowances for impairment. Any difference with the fair value at initial recognition, resulting from transaction costs, initial premiums or discounts, is amortised over the life of the investment using the effective interest method. If a held-to-maturity asset is determined to be impaired, the allowance for impairment is recognised in the income statement.

Loans and receivables are measured at amortised cost less any allowances for impairment. At initial recognition, loans and receivables are measured at fair value including transaction costs and initial premiums or discounts. Amortised cost is calculated using the effective interest rate method (EIR), taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is recognised in the income statement. Gains and losses are recognised in the income statement when the investments are de-recognised or impaired.

For floating rate instruments, the cash flows are periodically re-estimated to reflect movements in market interest rates. If the floating rate instrument is initially recognised at an amount (almost) equal to the principal repayable, the re-estimation has no significant effect on the carrying amount of the instrument and there will be no adjustment to the received interest, reported on an accrual basis. However, if a floating rate instrument is acquired at a significant premium or discount, this premium or discount is amortised over the expected life of the instrument and is included in the calculation of the EIR. The carrying amount is recalculated each period by computing the present value of estimated future cash flows at the actual effective interest rate. Any adjustments are recognised in profit or loss.

Held-for-trading investments, derivatives and assets designated as held at fair value through profit or loss are measured at fair value. Changes in the fair value are recognised in the income statement. The (realised and unrealised) results are included in 'Result on sales and revaluations'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'Interest, dividend and other investment income'.

The majority of Ageas's financial investments (being bonds and equity shares) are classified as available-for-sale and are measured at fair value. Changes in fair value are recognised directly in equity (Other Comprehensive Income) until the investment is sold. At the moment of disposal, the accumulated fair value changes in equity are recycled through the income statement. Revenue on available-for-sale debt securities is recognised using the effective interest method. Periodic amortisation and impairment losses are recognised in the income statement and dividends are recognised as income upon receipt.

For those insurance portfolios, where unrealised gains and losses on bonds have a direct impact on the measurement of the insurance liabilities, Ageas applies shadow accounting in accordance with IFRS 4. This means that the changes in the unrealised gains and losses will affect the measurement of the insurance liabilities, implying why those changes will therefore not be part of equity.

Impairment of financial assets

A financial asset (or group of financial assets) classified as either available-for-sale, loans and receivables or held-to-maturity is deemed to be impaired if:

- There is an objective evidence of impairment as a result of one or more loss events or triggers (e.g. significant financial difficulty of the issuer) that have occurred after the initial recognition of the asset; and
- That loss event (or events) has (or have) an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is significantly (25%) below the carrying value or has been below the carrying value for a prolonged period (365 consecutive days) on the date of the statement of financial position.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:

- The fair value using an observable market price;
- The fair value using non-observable market-data or
- Based on the fair value of the collateral.

If an available-for-sale asset is determined to be impaired, the allowance for impairment is recognised in the income statement. For impaired available-for-sale assets, unrealised losses previously recognised in equity are transferred to the income statement when the impairment occurs.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase objectively relates to an event occurring after the recognition of any allowance for impairment in the income statement, the allowance for impairment is reversed, with the amount of the reversal recognised in the income statement. Further positive revaluations of debt instruments classified as available-for-sale appear in other comprehensive income.

Impairments on an equity instrument classified as available-for-sale are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Trade and settlement date

All purchases and sales of financial assets requiring delivery within the timeframe established by regulation or market convention are recognised on the trade date, which is the date when Ageas becomes a party to the contractual provisions of the financial assets.

Forward purchases and sales, other than those requiring delivery within the timeframe established by regulation or market convention, are recognised as derivative forward transactions until settlement.

Classification and measurement of financial liabilities

The IFRS classification of financial liabilities determines their measurement and recognition in the income statement as follows:

- Financial liabilities at fair value through profit or loss include:
    - i) Financial liabilities held-for-trading, including derivative instruments that do not qualify for hedge accounting; and
    - ii) Financial liabilities that Ageas has irrevocably designated at initial recognition or at first-time adoption of IFRS as held at fair value through profit or loss, because:
        - The host contract includes an embedded derivative that would otherwise require separation;
        - It eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') or
        - It relates to a group of financial assets and/or liabilities that are managed and of which the performance is evaluated on a fair value basis.
- Other financial liabilities are initially recognised at fair value less transaction costs. Subsequently, other financial liabilities are measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Subordinated liabilities and borrowings are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Transaction costs

Transaction costs on financial instruments refer to the incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers and dealers, levies imposed by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Those transaction costs are included in the initial measurement of the financial asset or liability, except if the financial asset or liability is measured at fair value through profit or loss, in which case transaction costs are directly expensed.

Fair value of financial instruments

The fair value is the amount for which an asset or granted equity instrument could be exchanged and a liability could be settled between knowledgeable, willing parties in an arm's length transaction.

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals and transaction costs. Accrued interest are classified separately.

The fair value of a liability or own equity instrument reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, the entity's own risk.

An asset or liability is initially measured at fair value. If the transaction price differs from this fair value, the resulting gain or loss is recognised in the income statement unless IFRS specify otherwise.

The basic principles used for estimating fair value are as follows:

- Maximisation of the use or relevant observable (market) inputs and minimisation of the use of unobservable inputs (such as internal estimates and assumptions);
- Only change in estimating techniques if an improvement can be demonstrated or if a change is necessary because of changes in market conditions or in the availability of information.

In determining the fair value, following hierarchy for determining and disclosing the fair value is used, in the order listed:

- Level 1: fair values measured using (unadjusted) quoted prices in an active market for identical assets or liabilities, which means that quoted prices are readily available and reflect actual and regularly occurring market transactions on an arm's length basis;
- Level 2: fair values measured using inputs other than quoted prices included in level 1 that are observable (in the market), either directly (i.e. prices) or indirectly (i.e. derived from prices, such as interest or exchange rates);
- Level 3: fair values measured using inputs that are not (completely) based on observable data;
- Cost.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 2 and level 3 fair value measurements usually require the use of valuation techniques.

A financial instrument is regarded as quoted in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices reflect actual and regularly occurring market transactions on an arm's length basis. When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of its fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If there is a significant decrease in the volume or level of activity for the asset or liability, the transactions or quoted prices are reviewed and an alternative valuation technique or multiple valuation techniques (e.g. present value techniques) may be applied.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market observable inputs, existing at the reporting date. Inputs can be either directly observable (i.e. prices) or indirectly observable (i.e. derived from prices, such as interest or exchange rates).

If there is a valuation technique commonly used by market participants to price an instrument and that valuation technique demonstrated to provide reliable estimates of prices obtained in actual market transactions, Ageas applies that valuation technique. Well established valuation techniques in financial markets include recent market transactions, discounted cash flows (including option-pricing models) and current replacement cost. An acceptable valuation technique incorporates all factors that market participants would consider when setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

Methods and assumptions used in determining the fair value are largely dependent on whether the instrument is traded on financial markets and on the information that is available to be incorporated into the valuation models. A summary of different financial instrument types along with their fair value treatment is included below:

i) Fair values for securities classified at available-for-sale or at fair value through profit or loss are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on a swap curve plus a spread reflecting the risk characteristics of the instrument. Fair values for securities classified at held-to-maturity (only necessary for disclosures) are determined in the same way.

ii) Fair values for derivative financial instruments are obtained from active markets or are determined using, as appropriate, discounted cash flow models and option pricing models. Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value of derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative. Factors that influence the valuation of an individual derivative include the counterparty's credit rating and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered. Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment-grade.

iii) Fair values for unquoted private equity investments are estimated using applicable market multiples (e.g. price/earnings or price/cash flow ratios), refined to reflect the specific circumstances of the issuer.

iv) Fair values for borrowings and issued subordinated loans are determined using discounted cash flow models based upon Ageas's current incremental lending rates for similar type of borrowing. For variable-rate loans that re-price frequently and have no significant change in credit risk, fair values are approximated by the carrying amount. Option-pricing models are used for valuing caps and prepayment options embedded in loans that have been separated in accordance with IFRS.

v) Fair values for off-balance-sheet commitments or guarantees are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.

Non exchange traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices can be obtained. Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various publications and financial reporting services, and also individual market makers

More detailed information on the application of these valuation methods and assumptions is included in the applicable notes of these Ageas Consolidated Financial Statements.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset resulting in the net amount being reported on the statement of financial position if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8.2 Derivatives and financial instruments used for hedging

Derivatives are financial instruments such as swaps, forward and future contracts, and options (both written and purchased). The value of these financial instruments changes in response to changes in various underlying variables. Derivatives require little or no net initial investment and are settled at a future date.

All derivatives are recognised on the statement of financial position at fair value on the trade date. A distinction is made between:

- Derivatives held for trading;
- Derivatives for hedging purposes.

Embedded derivatives

Financial assets or liabilities can include embedded derivatives. Such financial instruments are often referred to as hybrid financial instruments. Hybrid financial instruments include reverse convertible bonds (bonds whose repayment may take the form of equities) or bonds with indexed interest payments.

If the host contract is not measured at fair value through profit or loss and the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative should be separated from the host contract and measured at fair value as a stand-alone derivative. Changes in the fair value are recorded in the income statement. The host contract is accounted for and measured applying the rules of the relevant category of the financial instrument.

If the host contract is measured at fair value through profit or loss or if the characteristics and risks of the embedded derivative are closely linked to those of the host contract, the embedded derivative is not separated, and the hybrid financial instrument is measured as one instrument.

Embedded derivatives requiring separation are reported as hedging derivatives or derivatives held for trading as appropriate.

Hedging

On the date Ageas enters into a derivative contract, this contract is designated as either:

- A fair value hedge: a hedge of the fair value of a recognised asset or liability;
- A hedge of a net investment in a foreign entity or
- A cash flow hedge: a hedge of future cash flows attributable to a recognised asset or liability or a forecasted transaction.

Hedges of firm commitments are fair value hedges, except for hedges of the foreign exchange risk of a firm commitment, which are accounted for as cash flow hedges.

In the context of hedge accounting, the following documentation is prepared:

- At the start of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, are documented;
- Both at the start of the hedge and on an ongoing basis, the assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items is documented.

Assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to Ageas are designated as hedged items. A hedged item can also be a particular risk that is a portion of the total risk of the hedged item.

The change in fair value of a hedged item that is attributable to the hedged risk and the change in the fair value of the hedging instrument in a fair value hedge are recognised in the income statement. The change in the fair value of interest-bearing derivative instruments is presented separately from interest accruals.

If the hedge no longer meets the criteria for hedge accounting, or is otherwise discontinued, the adjustment to the carrying amount of a hedged interest-bearing financial instrument that results from hedge accounting is amortised using the new effective interest rate calculated on the hedge discontinuance date.

Changes in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognised in equity under the caption ‘Unrealised gains and losses’. The amount in equity is reclassified to the income statement when the hedged item affects the income statement. Any hedge ineffectiveness is immediately recognised in the income statement.

When the hedge of a forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and are included in the initial measurement of that non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as profit or loss in the periods during which the hedged firm commitment or forecasted transaction affects the income statement.

The above also applies if the hedge no longer meets the criteria for hedge accounting, or is otherwise discontinued, but the hedged forecasted transactions or firm commitments are still expected to occur. If the hedged forecasted transactions or firm commitments are no longer expected to occur, the amounts deferred in equity are transferred to the income statement directly.

2.8.3 Sale and repurchase agreements and lending / borrowing securities

Securities subject to a commitment to repurchase them ('repo') are not derecognised from the statement of financial position as substantially all the risk and rewards of ownership remain within Ageas. The proceeds received from such sales are neutralised by recognising a corresponding financial liability, classified under 'Borrowings'.

Securities purchased under agreements to resell ('reverse repos') are not recognised on the statement of financial position. The right to receive cash from a counterparty is recorded under 'Loans'. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties remain on the statement of financial position. Similarly, securities borrowed are not recognised on the statement of financial position. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded. The obligation to return the collateral is measured at fair value through profit or loss. Cash advanced or received related to securities borrowing or lending transactions is recorded under 'Loans' or under 'Borrowings'.

2.8.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, freely available balances with (central) banks and other financial instruments with less than three months maturity from the date of acquisition.

Cash flow statement

Ageas reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The interest received and interest paid are presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

2.8.5 Investment property and property held for own use

Classification and measurement of property held for own use

Property classified as held for own use mainly includes:

- Office buildings that Ageas occupies and
- Commercial buildings that are used to operate a business.

All real estate held for own use and fixed assets are measured at cost less accumulated depreciation (except for land that is not depreciated) and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The useful life of IT, office and equipment is determined individually for each asset. The useful life of the buildings is determined for each significant part separately (component approach) and is reviewed at each year-end. The real estate is therefore split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of components is as following:

Structure	50 years for offices and retail 70 years for residential
Closing	30 years for offices and retail 40 years for residential
Techniques and equipment	15 years for car parks 20 years for offices 25 years for retail 40 years for residential
Heavy finishing	15 years for car parks 20 years for offices 25 years for retail 40 years for residential
Light finishing	10 years for offices, retail and residential

- Land has an unlimited useful life and is therefore not depreciated.
- As a general rule, residual values are considered to be zero.
- Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred. Expenditures that enhance or extend the benefits of real estate or fixed assets beyond their original use are capitalised and subsequently depreciated.
- Borrowing costs to finance the construction of property, plant and equipment are treated in the same way as borrowing costs on investment property.

Classification and measurement of investment property

Investment properties are those properties that Ageas holds to earn rental income or for capital appreciation. Ageas may also use certain investment properties for own use. If the own use portions can be sold separately or leased out separately under a finance lease, these portions are accounted for as property, plant and equipment. If the own use portions cannot be sold separately, the property is treated as investment property only if Ageas holds an insignificant portion for own use.

For reasons of comparability, Ageas applies the cost model for both investment property and for property held for own use. After initial recognition, all property is measured at its cost less any accumulated depreciation (using a straight-line method) and any accumulated impairment losses. As a result, changes in the fair value of the property are neither recognised in the income statement (except for impairment losses) nor in other comprehensive income.

The residual value and the useful life of investment property is determined for each significant part separately (component approach) and is reviewed at each year-end. For investment property, the same maximal useful life of components is applied as for property held for own use.

Ageas rents its investment property under various non-cancellable rental contracts. Certain contracts contain renewal options for various periods of time. The rental income associated with these contracts is recognised over time as investment income, on a straight-line basis over the rental term.

Transfers to, or from, investment property are only made when there is a change in use:

- Into investment property at the end of owner-occupation, at the start of an operating lease to a another party, or at the end of construction or development and
- Out of investment property at the commencement of owner-occupation or at the start of development with a view to sale.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the date of the statement of financial position. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the income statement.

Impairment of property held for own use and investment property
As for other non-financial assets, property held for own use and investment property, the asset is impaired when its carrying amount exceeds the recoverable amount.

The recoverable amount is measured as the higher of either 'fair value less costs to sell' or 'value in use'.

- The 'fair value less costs to sell' is the price that would be received to sell an asset in an orderly transaction between market participants (based on observable and non-observable market data), after deducting any direct incremental disposal costs
- The 'value in use' is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life, without deduction of transfer tax.

At the end of each reporting period, Ageas assesses whether there is any objective indication that an asset may be impaired, considering various external (e.g. significant changes in the economic environment) and internal (e.g. plan to dispose) sources of information. If any such indication exists (and only then), Ageas will reduce the carrying amount of the impaired asset to its estimated recoverable amount, and the amount of the change in the current year is recognised in the income statement.

After the recognition of an impairment, the depreciation for future periods is adjusted based on the revised carrying amount less its residual value over the assets remaining useful life. For property, the useful life of each significant part is determined separately and reviewed at year-end.

If in a subsequent period, the amount of the impairment on non-financial assets other than goodwill decreases, due to an event occurring after the write-down, the previously recorded impairment loss is reversed in the income statement. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Borrowing costs
Borrowing costs are generally expensed as incurred.

Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed, as part of the cost of that asset. Capitalisation of borrowing costs should commence when:

- Expenditures for the asset and borrowing costs are being incurred and
- Activities necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation of borrowing costs ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalisation is suspended. Where construction occurs piecemeal, and use of each part is possible as construction continues, capitalisation for each part ceases upon substantial completion of that part.

For a borrowing associated with a specific asset, the actual rate on that borrowing is applied. Otherwise, a weighted average cost of borrowings is applied.

For qualifying assets commencing on or before 1 January 2008, borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily took a substantial period of time to get ready for its intended use or sale) were expensed as incurred.

2.8.6 Goodwill and other intangible assets

Intangible assets
An intangible asset is an identifiable non-monetary asset and is recognised if, and only if, it will generate future economic benefits and if the cost of the asset can be measured reliably.

Intangible assets are recorded on the statement of financial position at cost less any accumulated amortisation and any accumulated impairment losses. The residual value and the useful life of intangible assets are reviewed at each year-end.

Intangible assets with definite lives are amortised over their estimated useful life using the straight-line method. Intangible assets with indefinite lives, such as goodwill, are not amortised, but are instead tested for impairment at least annually. Any impairment loss identified is recognised in the income statement.

Value of business acquired (VOBA)
Value of business acquired represents the difference between the fair value at acquisition date measured using the Ageas's accounting policies and the subsequent carrying value of a portfolio of insurance and investment contracts acquired in a business or portfolio acquisition.

VOBA is recognised as an intangible asset and is amortised over the income recognition period of the portfolio of contracts acquired. Each reporting date, VOBA is part of the liability adequacy test to assess whether the liabilities arising from insurance and investment contracts are adequate.

Internally generated intangible assets

Internally generated intangible assets are capitalised when Ageas can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Only intangible assets arising from development are capitalised. All other internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Software

Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and is treated as property, plant and equipment. If the software is not an integral part of the related hardware, the costs incurred during the development phase, for which Ageas can demonstrate all of the above-mentioned criteria, are capitalised as an intangible asset and are amortised over their estimated useful life using the straight-line method. In general, such software is amortised over a maximum of 5 years.

Other intangible assets with finite lives

Other intangible assets with finite lives, such as parking concessions, trademarks and licenses, are generally amortised over their estimated useful lives using the straight-line method. Intangible assets with finite lives are reviewed for indicators of impairment at each reporting date.

Car park concessions are recognised as intangible assets when Ageas has the right to charge for the usage of the concession infrastructure. The intangible asset received is measured at fair value at initial recognition, as consideration for providing construction or upgrade services in a service concession arrangement. The applicable fair value is determined by reference to the fair value of the construction or upgrade services provided. Subsequent to initial recognition, the car park concessions are measured at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful life of an intangible asset in a service concession arrangement is the period that starts at the time Ageas is able to charge for the use of the concession infrastructure until the end of the concession period. The impairment principles applied to car park concessions are the same as those applicable to investment properties.

Goodwill

Goodwill from business combinations from 1 January 2010

At initial recognition, goodwill is measured at cost, being the excess of the fair value of the consideration transferred over:

- Ageas's share in the net identifiable assets acquired and liabilities assumed and
- Net of the fair value of any previously held equity interest in the acquiree.

Any acquisition costs are directly expensed, except for the costs of issuing debt or equity securities, which are recognised in accordance with IAS 32 and IAS 39.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, Ageas has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Goodwill from business combinations prior to 1 January 2010

In comparison with the above-mentioned requirements, the following differences apply:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

A contingent consideration was recognised if, and only if, Ageas had a present obligation, economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Impairment of goodwill

Goodwill is an intangible asset with an indefinite life and, like all other intangible assets with indefinite lives, the carrying value of those intangible assets with indefinite life is assessed annually, or more frequently, if events or changes in circumstances indicate that such carrying value may not be recoverable. If such indication exists, the recoverable amount is determined for the cash-generating unit to which goodwill belongs. This amount is then compared to the carrying amount of the cash-generating unit and an impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised immediately in the income statement.

In the event of an impairment loss, Ageas first reduces the carrying amount of goodwill allocated to the cash-generating unit and then reduces the other assets in the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash generating unit. Previously recognised impairment losses relating to goodwill are not reversed.

2.8.7 Leased assets

Ageas as a lessor

Assets leased under an operating lease are recorded on Ageas's statement of financial position under 'investment property' (buildings) and 'property, plant and equipment' (equipment and motor vehicles). Those assets are recorded at cost less accumulated depreciation. Rental income, net of any incentives given to lessees, is recognised on a straight-line basis over the lease term. Initial direct costs incurred by Ageas are added to the carrying amount of the leased asset and are recognised as an expense over the lease term on the same basis as the rental income.

Ageas also entered into finance lease transactions, in which substantially all the risks and rewards related to ownership of the leased assets, other than the legal title, are transferred to the customer. Assets leased under a finance lease are presented as a receivable at an amount equal to the net investment in the lease. The net investment in the lease comprises the present value of the lease payments and any residual value guarantee. The difference between the asset and the present value of the receivable is recognised as unearned finance income. Finance income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the outstanding net investment in the finance lease. Initial direct costs incurred by Ageas are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term.

Ageas as a lessee

Ageas leases land, buildings, equipment and motor vehicles. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Before 1 January 2019, Ageas applied a different measurement model, depending whether the lease was classified as an operating or as a finance lease. Under operating leases, the payments made were typically charged over the income statement principally on a straight-line basis over the lease term. Under finance leases, the related asset was capitalised and a corresponding lease obligation was recognised.

As from 1 January 2019, a single measurement model applies to assets leased under both operating and finance lease transactions. Under this measurement model, at inception, a right-of-use asset and a lease liability are recognised.

The lease liability comprises the present value of following lease payments that are not paid at the commencement date, including lease payments to be made under reasonably certain extension options:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by Ageas under residual value guarantees;
- The exercise price of a purchase option if Ageas is reasonably certain to exercise that option and
- Payments of penalties for terminating the lease, if the lease term reflects Ageas exercising that option.

The lease liability is discounted applying the interest rate implicit in the lease. If that rate cannot be readily determined, Ageas's incremental borrowing rate is applied. As incremental borrowing rate, Ageas applies a global available composite curve, which is based on a sample of existing secondary bonds from financial issuers in the A range, increased by a risk premium. For car parks, a risk-free rate equal to the interest rate swap for a similar duration, increased by a risk premium, is applied.

The carrying amount of the lease liability subsequently increases to reflect interest on the lease liability and reduces to reflect the lease payments made. The lease liability is remeasured in order to reflect lease modifications or changes in the lease payments, including a change in an index or a rate used to determine those payments.

The interest on the lease liability in each period represents the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The interest on the lease liability is recognised in the income statement, together with the variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The right-of-use asset is measured at cost and comprises the initial lease liability recognised, adjusted for any lease payments made at or before the commencement of the lease, any lease incentives received, any initial direct costs incurred by Ageas and an estimate of the costs to be incurred in dismantling and removing the underlying asset.

Subsequently, the right-of-use asset is measured at cost, less accumulated depreciation and any impairment losses. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Similar to other non-financial assets, a right-of-use asset is impaired when its carrying amount exceeds it recoverable amount. The depreciation of the right-of-use asset and recognition of any impairment loss is recognised in the income statement.

In case of remeasurement of the lease liability to reflect lease modifications or changes in the lease payments, the right-of-use asset is adjusted for this remeasurement.

The measurement model above is not applied to leases of asset that are of low value to Ageas or to short-term leases, of which the lease term at commencement of the lease is 12 months or less. For those leases, the lease payments made are recognised as an expense in the income statement on a straight-line basis over the lease term.

Cash flow statement

Lease payments are presented as cash flows from operating activities in the consolidated cash flow statement, as part of 'borrowings'.

2.8.8 Loans

Loans to banks, loans to governments and loans to customers include loans originated by Ageas by providing money directly to the borrower or to a sub-participation agent. Those loans are measured at amortised cost.

Debt securities acquired on the primary market directly from the issuer are recorded as loans, provided there is no active market for those securities.

Loans that are originated or purchased with the intent to be sold or securitised in the short-term are classified as assets held for trading.

Loans that are designated as held at fair value through profit or loss or available-for-sale are classified as such at initial recognition.

Loan commitments that allow for a drawdown of a loan within the timeframe generally established by regulation or convention in the market place are not recognised in the statement of financial position.

Incremental costs incurred and loan origination fees earned in securing a loan are deferred and amortised over the life of the loan, as an adjustment to the yield.

Impairments on loans

A credit risk for a specific loan impairment is established if there is an objective evidence that Ageas will not be able to collect all amounts due in accordance with the contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows or, alternatively, the collateral value less costs to sell if the loan is secured.

An 'incurred but not reported' (IBNR) impairment on loans is recorded when there is an objective evidence that incurred losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and taking into account the risk of difficulties in servicing external debt in some foreign countries based on an assessment of the political and economic situation.

Impairments are recorded as a decrease in the carrying value of 'loans to banks' and 'loans to customers'.

Impairments on loan commitments recorded off the statement of financial position are classified under 'provisions'.

When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written-off against the related charge for impairment; subsequent recoveries are credited to change in impairment in the income statement.

2.8.9 Reinsurance and other receivables

Reinsurance

Ageas assumes and/or cedes reinsurance in the normal course of business. Reinsurance receivables principally include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from or due to reinsurers are estimated in a manner consistent with the amounts associated with the reinsured policies and in accordance with the reinsurance contract.

Reinsurance is presented on the statement of financial position on a gross basis unless a right to offset exists.

Other receivables

Other receivables arising from the normal course of business and originated by Ageas are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairments.

2.8.10 Deferred acquisition costs (DAC)

General

The costs of new and renewed insurance business, all of which vary with and primarily are related to the production of new business, are deferred and amortised, resulting in Deferred Acquisition Costs (DAC). DAC principally includes commissions, underwriting, agency and policy issue expenses. The method for amortisation is based on expected earned premium or estimated gross profit margins. DAC are periodically reviewed to ensure their recoverability based on estimates of future profits of the underlying contracts.

Amortisation in proportion to anticipated premiums

For life insurance and investment products, both without Discretionary Participation Features, DAC is amortised in proportion to the anticipated premiums. Assumptions as to anticipated premiums are estimated at the date of policy issuance and are consistently applied during the life of the contracts. Deviations from estimated experience are reflected in the income statement in the period such deviations occur. For these contracts, DAC is generally amortised for the total life of the policy.

Amortisation in line with Estimated Gross Profit (EGP) margin

For life insurance and investment products, both with Discretionary Participation Features, DAC is amortised over the expected life of the contracts based on the present value of the estimated gross profit margin or profit amounts using the expected investment yield. Estimated gross profit margin includes anticipated premiums and investment result less benefits and administrative expenses, changes in the net level premium reserve and expected policyholder dividend, as appropriate. Deviations of actual results from estimated experience are reflected in the income statement in the period in which such deviations occur. DAC is adjusted for the amortisation effect of unrealised gains (losses) recorded in equity as if they were realised with the related adjustment to unrealised gains (losses) in equity.

Amortisation in line with earned premiums

For short duration contracts, DAC is amortised over the period in which the related premiums written are earned. Future investment income is considered (at a risk-free rate of return) in assessing the recoverability of DAC.

Amortisation in line with related revenues of service provided

Some investment contracts without Discretionary Participation Features issued by insurance entities involve both the origination of a financial instrument and the provision of investment management services. Where clearly identifiable, the incremental costs relating to the right to provide investment management services are recognised as an asset and are amortised as the related revenues are recognised. The related intangible asset is tested for recoverability at each reporting date. Fee charges for managing investments on these contracts are recognised as revenue as the services are provided.

2.8.11 Liabilities arising from (re)insurance and investment contracts

The liabilities arising from (re)insurance and investment contracts relate to:

- Insurance contracts;
- Reinsurance contracts;
- Investment contracts with Discretionary Participation Features (DPF) and
- Investment contracts without DPF.

Classification of contracts

Policy holder liabilities are classified based on the underlying insurance contract features and the specified risks of these contracts:

Insurance contracts are those contracts in which Ageas has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Insurance contracts can also transfer financial risk.

Investment contracts (with our without Discretionary Participation Features) are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, providing in the case of a non-financial variable that the variable is not specific to a party of the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance contracts, reinsurance contracts and investment contracts with DPF are accounted for in accordance to IFRS 4. Investment contracts that do not transfer significant insurance risk are accounted for in accordance to IAS 39.

Life insurance

Future policy benefits

For Life insurance contracts, future policy benefit liabilities are calculated using a net level premium method (i.e. present value of future net cash flows) based on actuarial assumptions as determined by historical experience and industry standards.

Participating policies include any additional liabilities reflecting any contractual dividends or other participation features. For some designated contracts, the future policy benefit liabilities have been remeasured to reflect current market interest rates.

The non-participating insurance and investment contracts are primarily unit-linked contracts where Ageas hold the investments on behalf of the policyholder and measures those investments at fair value. Treasury shares on behalf of policyholders are eliminated. Unit-linked contracts are a specific type of Life insurance contracts governed by Article 25 of EU Directive 2002/83/EC. The benefits of those contracts are linked to UCITS (‘Undertakings for Collective Investment in Transferable Securities’), a share basket or a reference value, or to a combination of these values or units, as laid down in the contracts. The liabilities of unit-linked contracts are measured at unit value (i.e. fair value of the fund in which the unit-linked contracts are invested divided by the number of units of the fund), with changes in fair value recognised in the income statement. Fair value is never less than the amount payable on surrender (if applicable), discounted for the required notice period where applicable.

Certain products contain financial guarantees, which are also valued at fair value and are included in liabilities related to unit-linked contracts, with the change in the fair value recognised in the income statement. Insurance risks are taken into account based on the actuarial assumptions.

Deposits and withdrawals are recorded directly in the statement of financial position as adjustments to the liability, without affecting the income statement.

Minimum guaranteed returns

For Life insurance contracts with minimum guaranteed returns, the finance component is measured at amortised cost. Additional liabilities have been set up to reflect expected long-term interest rates. These additional liabilities are calculated as the difference between the present value and the carrying amount of the guaranteed amounts.

The liabilities relating to annuity policies during the accumulation period are equal to accumulated policyholder balances. After the accumulation period, the liabilities are equal to the present value of expected future payments. Changes in mortality tables that occurred in previous years are fully reflected in these liabilities.

Discretionary Participation Features

Most Life insurance or investment contracts contain a guaranteed benefit. Some of those contracts may also contain a Discretionary Participation Feature (DPF). This feature entitles the holder of the contract to receive, as a supplement to guaranteed benefits, additional benefits and bonuses:

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of Ageas;
- That are contractually based on:
  - The performance of a specified pool of contracts or a specified type of contract;
  - Realised and/or unrealised investment returns on a specified pool of assets held by Ageas;
  - The profit or loss of Ageas, fund or other entity that issued the contract.

For Life insurance contracts and investment contracts with DPF, current policyholder benefits are accrued based on the contractual amount due based on statutory net income, restrictions and payment terms. The DPF component concerns a conditional promise related to unrealised gains and losses. This promise remains therefore part of the unrealised gains and losses as included in equity. Once the promise becomes unconditional, the related amount is transferred to 'Liabilities arising from Life insurance contracts'.

Investment contracts without DPF are initially recognised at fair value and are subsequently measured at amortised cost and reported as a deposit liability.

Embedded derivatives

Embedded derivatives not closely related to the host contracts are separated from the host contracts and measured at fair value through profit or loss. Actuarial assumptions are revised at each reporting date with the resulting impact recognised in the income statement.

Unbundling

The deposit component of an insurance contract is unbundled when both of the following conditions are met:

1. The deposit component (including any embedded surrender options) can be measured separately (i.e. without taking into account the insurance component) and
2. Ageas's accounting policies do not otherwise require the recognition of all obligations and rights arising from the deposit component.

Currently, Ageas has recognised all rights and obligations related to issued insurance contracts according to its accounting policies. As a result, Ageas has not recognised an unbundled deposit component in respect of its insurance contracts.

Non-life insurance

Claims

Claims and claim adjustment expenses are charged to the income statement as incurred. Unpaid claims and claim adjustment expenses include estimates for reported claims and provisions for claims incurred but not reported. The estimates for claims incurred but not reported are based on experience, current claim trends and the prevailing social, economic and legal environments. The liability for Non-life insurance claims and claim adjustment expenses is based on estimates of expected losses (after taking into account reimbursements, recoveries, salvage and subrogation), reflecting management's judgement on anticipated levels of inflation, claim handling costs, legal risks and trends in compensatory damage awards. Non-life liabilities for workers' compensation business are presented at their net present value. The liabilities established are adequate to cover the ultimate cost of claims and claim adjustment expenses. Resulting adjustments are recorded in the income statement.

Ageas does not discount its liabilities for claims other than claims with determinable and period payment terms.

Liability Adequacy Test

Ageas performs Liability Adequacy Tests (LAT) at each reporting period in order to ensure that the reported insurance liabilities are adequate.

A separate test is performed for:

- Life liabilities and health similar-to-life liabilities, including annuities stemming from non-life products;
- (Unearned) premium reserves stemming from non-life products and health non-similar-to-life products and
- Claim provisions stemming from non-life products and health non-similar-to-life products.

For the purpose of these LAT, Ageas considers a best estimate valuation, being the present value of all contractual cash flows, including related cash flows such as commissions and expenses. The contract boundaries of Solvency II are applied, but are limited in non-life to the ones in scope of the IFRS reserves.

For life insurance liabilities (and health similar-to-life liabilities including annuities stemming from non-life), the LAT also includes cash flows resulting from embedded options and guarantees and investment income. Investment income is determined using the current book yield of the existing portfolio, based on the assumption that reinvestments after the maturity of the financial instruments will take place at a risk-free rate allowing a company specific volatility adjustment based on EIOPA methodology. For direct investments in real estate, the actual rental income up to the next contractual renewal period is taken into account.

For non-life, the present value of all cash flows is determined using a risk-free discount rate allowing a company specific volatility adjustment based on EIOPA methodology (after the last liquid point, the so-called Ultimate Forward Rate extrapolation is applied).

Any shortfall in the LAT is recognised immediately in the income statement, either as a DAC or VOBA -impairment or as a loss recognition. If, in a subsequent period, the shortfall decreases, the decrease in shortfall is reversed through profit or loss. A shortfall is defined as:

- A negative net present value of the future margin for life products and health similar-to-life products, including annuities stemming from non-life products and
- The positive difference between the net present value of the cash flows and the corresponding IFRS reserves for non-life products and health non-similar-to-life products.

During 2019, Ageas's and a number of subsidiaries' (local) LAT requirements were amended whereby the LAT tests now take into account the effect of reinsurance, include, for direct investments in real estate, the actual rental income up to the next contractual renewal period versus risk-free before and are determined at legal entity level versus legal fungible level for the Life activities and level of line of business for the Non-life activities before.

If a subsidiary's local LAT requirements are more strict than the ones above, local entities apply the local requirements.

Shadow accounting

In some of Ageas's businesses, the realisation of gains and losses has a direct impact on the measurement of the insurance liabilities and related deferred acquisition costs.

In some of these businesses, Ageas applies 'shadow accounting' to the changes in fair value of available-for-sale investments and of assets and liabilities that affect the measurement of the insurance liabilities. Shadow accounting means that unrealised gains or losses on the available-for-sale financial assets, which are recognised in equity without affecting the income statement, affect the measurement of the insurance liabilities (or deferred acquisition costs or value of business acquired) in the same way as realised gains or losses would do.

As part of shadow accounting, some of Ageas's businesses extend the standard LAT with a shadow LAT test. Under the shadow LAT, the amount of unrealised capital gains, recognised in other comprehensive income, in excess of the surplus resulting from the standard LAT, is recognised as a shadow liability.

The remaining unrealised changes in fair value of the available-for-sale financial assets (after application of shadow accounting), that are subject to discretionary participation features, are classified as a separate component of equity.

An additional Deferred Profit sharing Liability (DPL) is accrued based on a constructive obligation or on the amount legally or contractually required to be paid on differences between statutory and IFRS income and unrealised gains or losses recorded in equity.

Reinsurance

The accounting treatment of reinsurance contracts depends on whether significant insurance risk is transferred within the contract.

Reinsurance contracts that transfer significant insurance risk are accounted for according insurance contracts.

Reinsurance contracts that do not transfer significant insurance risk are accounted for using the deposit method and are included in loans or borrowings as a financial asset or liability. Such financial asset or liability is recognised based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the reinsured. Amounts received or paid under these contracts are accounted for as deposits using the effective interest method.

Deposits from reinsurers under ceded reinsurance that transfer significant insurance risk equal the amount due at the date of the statement of financial position.

Liabilities relating to ceded reinsurance business that do not transfer significant insurance risk may be considered to be financial liabilities and the liabilities are accounted for in the same way as other financial liabilities.

2.8.12 Debt certificates, subordinated liabilities and other borrowings

Debt certificates, subordinated liabilities and other borrowings are initially recognised at fair value including direct transaction costs incurred. Subsequently, they are measured at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Debt that can be converted into a fixed number of Ageas's own shares is separated into two components on initial recognition:

a) A liability instrument, determined by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that do not have an associated equity component; and
b) An equity instrument, of which the carrying amount represents the option to convert the instrument into common shares, determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole.

If Ageas redeems the debts, subordinated liabilities and other borrowings, these are removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in the income statement.

2.8.13 Employee benefits

Pension liabilities

Ageas operates a number of defined benefit and defined contribution pension plans throughout its global activities, in accordance with local conditions or industry practices. The pension plans are generally funded through payments to insurance companies or to trustee administered plans. The funding is determined by periodic actuarial calculations. Qualified actuaries calculate the pension assets and liabilities at least annually.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age and years of service.

A defined contribution plan is a pension plan under which Ageas pays fixed contributions. However, under IAS 19, a defined contribution plan with a guaranteed return is treated as a defined benefit plan instead of a defined contribution plan due to the (legally determined) guaranteed return included in those plans.

For defined benefit plans, the pension costs and related pension assets or liabilities are estimated using the projected unit credit method. Under this method:

- Each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately in order to build up the final liability;
- The cost of providing these benefits is charged to the income statement to spread the pension cost over the service lives of the employees;
- The pension liability is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields on high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position through other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that Ageas recognises restructuring-related costs.

Assets that support the pension liabilities of an entity, must meet certain criteria in order to be classified as 'qualifying pension plan assets'. These criteria relate to the fact that these assets should be legally separate from Ageas or its creditors. If this is not the case, the assets are included in the relevant item on the statement of financial position (such as investments or property, plant and equipment). If the assets meet the criteria, these assets are netted against the pension liability.

When the fair value of the plan assets is netted against the present value of the obligation of a defined benefit plan, the resulting amount could be negative (an asset). If this is the case, the recognised asset cannot exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan ('asset ceiling').

Benefit plans that provide long-term service benefits, but that are not pension plans, are measured at present value using the projected unit credit method.

Ageas's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate, except for defined contribution plans with a guaranteed return, that follow the accounting treatment of a defined benefit plan.

Other post-retirement liabilities

Some of the Ageas companies provide post-retirement employee benefits to retirees, such as preferential interest rate loans and health care insurance. Entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. Expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These liabilities are determined based on actuarial calculations.

Equity options and equity participation plans

Share options and restricted shares, both equity settled and cash settled plans, are granted to directors and employees for services received. The fair value of the services received is determined by reference to the fair value of the share options and restricted shares granted. The expense of equity options and equity participation plans is measured at the grant date based on the fair value of the options and restricted shares and is recognised in the income statement, either immediately at grant date if there is no vesting period, or over the vesting period of the options and restricted shares.

Equity settled plans are accounted for as an increase in equity and are remeasured for the number of shares until the vesting conditions are met.

Cash settled plans are accounted for as an increase in liabilities and are remeasured both for:

- The number of shares until the vesting conditions are met and
- The change in the fair value of the restricted shares.

Remeasured expenses are recognised in the income statement during the vesting period. Expenses related to current and past periods are directly recognised in the income statement.

The fair value of the share options is determined using an option-pricing model that takes into account the following:

- The stock price at the grant date;
- The exercise price;
- The expected life of the option;
- The expected volatility of the underlying stock and expected dividends on it and
- The risk-free interest rate over the expected life of the option.

When the options are exercised and new shares are issued, the proceeds received, net of any transaction costs, are credited to share capital (par value) and the surplus to share premium. If for this purpose own shares have been repurchased, these will be eliminated from treasury stock.

Employee entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the date of the statement of financial position.

2.8.14 Provisions and contingencies

Provisions

Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation (legal or constructive) to transfer economic benefits, such as cash flows, as a result of past events and if a reliable estimate can be made at the date of the statement of financial position. Provisions are established for certain guarantee contracts for which Ageas is responsible to pay upon default of payment. Provisions are estimated based on all relevant factors and information existing at the date of the statement of financial position, and are typically discounted at the risk-free rate.

Contingencies

Contingencies are those uncertainties of which an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation.

2.8.15 Equity components

Share capital and share issue costs

Incremental costs directly attributable to the issue of new shares or share options, other than on a business combination, are deducted from equity net of any related income taxes.

Treasury shares

When the Parent Company or its subsidiaries purchase Ageas share capital or obtain rights to purchase their share capital, the consideration paid including any attributable transaction costs, net of income taxes, are shown as a deduction from equity.

Dividends paid on treasury shares held by Ageas companies are eliminated when preparing the Consolidated Financial Statements.

Ageas shares held by Ageasfinlux S.A. in the context of FRESH capital securities are also not entitled to dividend or capital. These shares are eliminated in calculating dividend, net profit and equity per share. The cost price of the shares is deducted from equity.

Compound financial instruments

Components of compound financial instruments (liability and equity parts) are classified in their respective area of the statement of financial position.

Other equity components

Other elements recorded in equity relate to:

- Direct equity movements of associates (see paragraph 2.6);
- Foreign currency (see paragraph 2.7);
- Available-for-sale investments (see paragraph 2.8.1);
- Cash flow hedges (see paragraph 2.8.2);
- Discretionary participation features (see paragraph 2.8.11);
- Actuarial gains and losses on defined benefit plans (see paragraph 2.8.13);
- Share options and restricted share plans (see paragraph 2.8.13) and
- Dividend, treasury shares and cancellation of shares.

2.8.16 Gross premium income

Short-duration versus long-duration contracts

A short-duration insurance contract is a contract that provides insurance protection for a fixed period of short duration and that enables the insurer to cancel the contract or to adjust the terms of the contract at the end of any contract period.

A long-duration contract is a contract that generally is not subject to unilateral changes in its terms, such as a non-cancellable or guaranteed renewable contract, and that requires the performance of various functions and services (including insurance protection) for an extended period.

Premium income when received

Premiums from life insurance contracts and long-duration investment contracts with Discretionary Participation Features are recognised as revenue when due from the policyholder. Estimated future benefits and expenses are offset against such revenue in order to recognise profits over the estimated life of the policies. This matching is accomplished by the establishment of liabilities arising from insurance contracts and investment contracts with Discretionary Participation Features, and by the deferral and subsequent amortisation of upfront expenses such as policy acquisition costs.

Premium income when earned

For short-duration type contracts (principally in non-life), premiums are recorded as written upon inception of the contract. Premiums are recognised in the income statement as earned on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of the coverage.

2.8.17 Interest, dividend and other investment income

For all interest-bearing instruments (whether classified as held-to-maturity, available-for-sale, held at fair value through profit or loss, derivatives or other assets or liabilities), interest income and interest expense is recognised in the income statement on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the transaction costs, premium or discount.

Once a financial asset has been written down to its estimated recoverable amount, interest income is subsequently recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Dividends are recognised in the income statement when they are declared.

Ageas acts as a lessor under non-cancellable lease contracts that may contain renewal options for investment property and certain properties held for own use. Rental income and other income is recognised, net of lease incentives granted to lessees, on a straight line basis, unless there is compelling evidence that benefits do not accrue evenly over the period of the lease.

2.8.18 Realised and unrealised gains and losses

For financial instruments classified as available-for-sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset sold, minus any impairment losses recognised in the income statement, and after adjustment for the impact of any hedge accounting. Realised gains and losses on sales are included in the income statement under 'Result on sales and revaluations'.

For financial instruments measured at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period versus the previous reporting period is included in the income statement under 'Result on sales and revaluations'.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period versus the previous reporting period is included in the income statement under 'Results on sales and revaluations'.

Upon derecognition or upon impairment of a financial asset, the unrealised gains and losses previously recognised directly in equity are recycled through the income statement.

2.8.19 Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, etc. and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and are recognised as an adjustment to the effective interest rate of the underlying financial instrument, measured at amortised cost.

When the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

Fees are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Reinsurance commissions are recognised as earned, reinsurance participation features are recognised as revenue upon receipt.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fee from investment contracts

Revenues from investment contracts, of which the covered insurance risk is not significant, consist of fees for the coverage of insurance, administration fees and surrender charges. Fees are recognised as revenue as the services are provided. Expenses include mortality claims and interest credited.

2.8.20 Income tax

Current tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

If a legal entity assesses that it is not probable that the relevant taxation authority will accept the tax treatment applied, that legal entity reflects the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value based on a range of possible outcomes, depending on which method better predicts the resolution of the uncertainty.

Deferred tax

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and of unused tax credits.

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

The rates enacted or substantively enacted at the date of the statement of financial position are used to determine the deferred taxes.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Current and deferred tax related to fair value remeasurement of items in the statement of financial position which are charged or credited directly to equity (such as available-for-sale investments and cash-flow hedges) is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

2.8.21 Earnings per share

Basic earnings per share are calculated by dividing net result attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by Ageas and held as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as convertible debt, preferred shares, share options and restricted shares granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

The impact of discontinued operations on the basic and diluted earnings per share is shown by dividing net result before discontinued operations by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by Ageas and held as treasury shares.

03

Acquisitions and disposals

The following significant acquisitions and disposals were made in 2019 and 2018. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 44 Events after the date of the statement of financial position.

3.1 Acquisitions in 2019

Royal Sundaram General Insurance (Asia)

On 22 February 2019, Ageas announced that all necessary regulatory approvals had been obtained and confirmed the completion of the acquisition of 40% of the share capital in the Indian Non-Life insurance company Royal Sundaram General Insurance Co. Limited (RSGI). The net cash consideration amounted to EUR 191 million, resulting in a notional goodwill of EUR 136.2 million. RSGI is reported applying the equity method by Ageas group as from Q1 2019.

AG Insurance

Following a contribution in kind, AG Insurance acquired 25.63% of real estate fund Eurocommercial Properties Belgium (EPB) for a total asset amount of EUR 50.6 million.

Real estate companies (CEU)

At the end of December 2019, three real estate companies were jointly acquired by several group entities in Portugal for an amount of EUR 70.8 million. Milleniumbcp Ageas holds the majority of the shares. These three companies are fully consolidated by Ageas group as per 31 December 2019.

3.2 Disposals in 2019

AG Insurance

In the last quarter of 2019, AG Insurance sold Hexa Logistic for an amount of EUR 25.6 million, realising a capital gain of EUR 12.8 million.

3.3 Acquisitions in 2018

Ageas Portugal

In January 2018, as part of diversification of investments in real estate, and with the support of AG Real Estate, Ocidental Vida concluded, in a partnership with Sonae Sierra, an international real estate developer and investor specialised in shopping centers, the acquisition of the company '3Shoppings' for an amount of EUR 43 million. The company holds two shopping centers in two cities in the north of Portugal, Guimarães and Maia. As part of the shareholders agreement, Sonae Sierra remained the Asset and Property Manager. Ocidental Vida holds a participation of 80% and Sonae the remaining 20%.

AG Insurance

In April 2018, AG Insurance acquired 65% of Salus, which consisted of five senior home companies located in Germany. The acquisition price amounted to EUR 57 million, followed by a subsequent capital increase of EUR 24 million whose purpose was to reimburse external loans.

AG Real Estate acquired in 2018 some small subsidiaries for a total amount of around EUR 15 million. Furthermore, AG Insurance made some other acquisitions and capital increases in equity associates for a total amount of around EUR 11 million.

3.4 Disposals in 2018

Cardif Luxembourg Vie

Ageas confirmed on 21 December 2018, the completion of the sale of its 33% stake in the share capital of Cardif Luxembourg Vie, to BNP Paribas Cardif. The total cash consideration of the transaction amounted to EUR 152 million.

The sale of Cardif Luxembourg Vie generated a net capital gain of EUR 35 million for the Group. EUR 15 million at Insurance level in the segment Continental Europe and EUR 20 million in General Account.

Total net result contributed by Cardif Luxembourg Vie for the period until the disposal amounted to almost EUR 9 million (see note 8 Information on operating segments).

AG Insurance

The sale of the equity associates North Light and Pole Star by AG Real Estate, was closed in January 2018. The Net asset value of these associates of EUR 41.8 million was already reclassified to assets held for sale per year-end 2017. The 40% ownership in these subsidiaries was sold for an amount of EUR 82 million, realising a capital gain of EUR 37.9 million.

In the last quarter of 2018, AG Real Estate sold Agridec (part of Woluwe Shopping Center) for an amount of EUR 103 million, realising a capital gain of EUR 40 million.

3.5 Assets and liabilities of acquisitions and disposals

The table below provides details of the assets and liabilities resulting from the acquisition or disposal of subsidiaries and/or associates at the date of acquisition or disposal.

		2019		2018
	Acquisitions	Disposals	Acquisitions	Disposals
Assets and liabilities of acquisitions and disposals				
Cash and cash equivalents	8.0	(1.1)	5.2	(10.9)
Investment property	81.8	(26.1)	231.2	(126.4)
Loans	31.9	6.9		
Investments in associates, including capital (re)payments	261.8	(97.3)	81.8	(244.8)
Reinsurance and other receivables	2.3	(0.2)	6.9	(1.5)
Current and deferred tax assets		0.1		
Accrued interest and other assets	0.1	(0.5)	0.8	46.1
Property, plant and equipment	0.6		39.3	
Goodwill and other intangible assets	45.3	(0.1)	18.1	(6.3)
Borrowings	49.2		91.0	(13.9)
Current and deferred tax liabilities	7.9	(2.8)	31.6	(12.4)
Accrued interest and other liabilities	7.8	(0.5)	21.6	(5.2)
Provisions			0.4	
Non-controlling interests	5.5	(0.3)	55.2	(17.4)
Net assets acquired / Net assets disposed of	361.4	(114.7)	183.5	(294.9)
Result of disposal, gross		13.5		145.0
Result on discontinued operations, net of taxes		13.5		145.0
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(361.4)	128.2	(183.5)	439.9
Less: Cash and cash equivalents acquired / divested	8.0	(1.1)	5.2	(10.9)
Cash used for acquisitions / received from disposals	(353.4)	127.1	(178.3)	429.0

The total purchase consideration for acquisitions of subsidiaries and associates amounted to EUR 361.4 million in 2019 (2018: EUR 183.5 million).

04

Risk Management

4.1 Risk Management Objectives

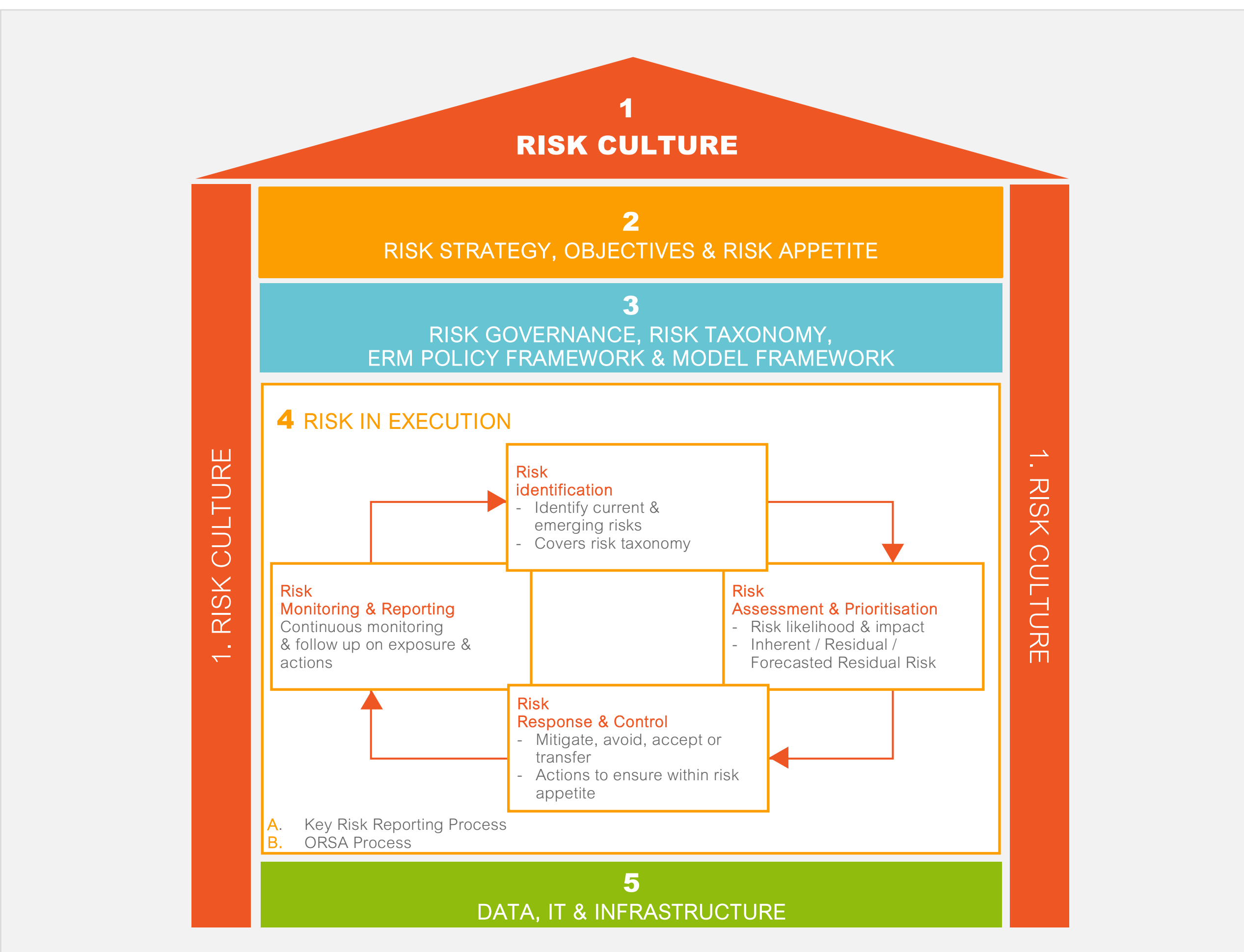
As a multinational insurance provider, Ageas creates value by properly managing the acceptance, warehousing, and transformation of risks either at the individual or at the overall portfolio level. Ageas's insurance operations provide both Life and Non-life insurances and as such face a number of risks that, whether internal or external, may affect Ageas's objectives.

Ageas only seeks to take on risks:

- for which it has a good understanding;
- that can be adequately assessed and managed either at the individual or at the overall portfolio level;
- that are affordable (i.e. within the Ageas risk appetite);
- that have an acceptable risk-reward trade-off.

The main objectives of Ageas risk management are:

- Risk-taking is consistent with the strategy and within risk appetite;
- Appropriate incentives are in place to promote a common understanding of our risk culture;
- Appropriate, timely and correct information is available to allow appropriate strategic decision-making;
- An appropriate risk governance is in place, is adequate and effective, and can be evidenced;
- An appropriate Enterprise Risk Management (ERM) policy framework (including limits & minimum standards) is in place, understood and embedded in day-to-day business activities;
- Risk processes are high-caliber and efficient, facilitating accurate and informative risk reporting that reinforces the decision-making process.



4.2 Risk Management Framework

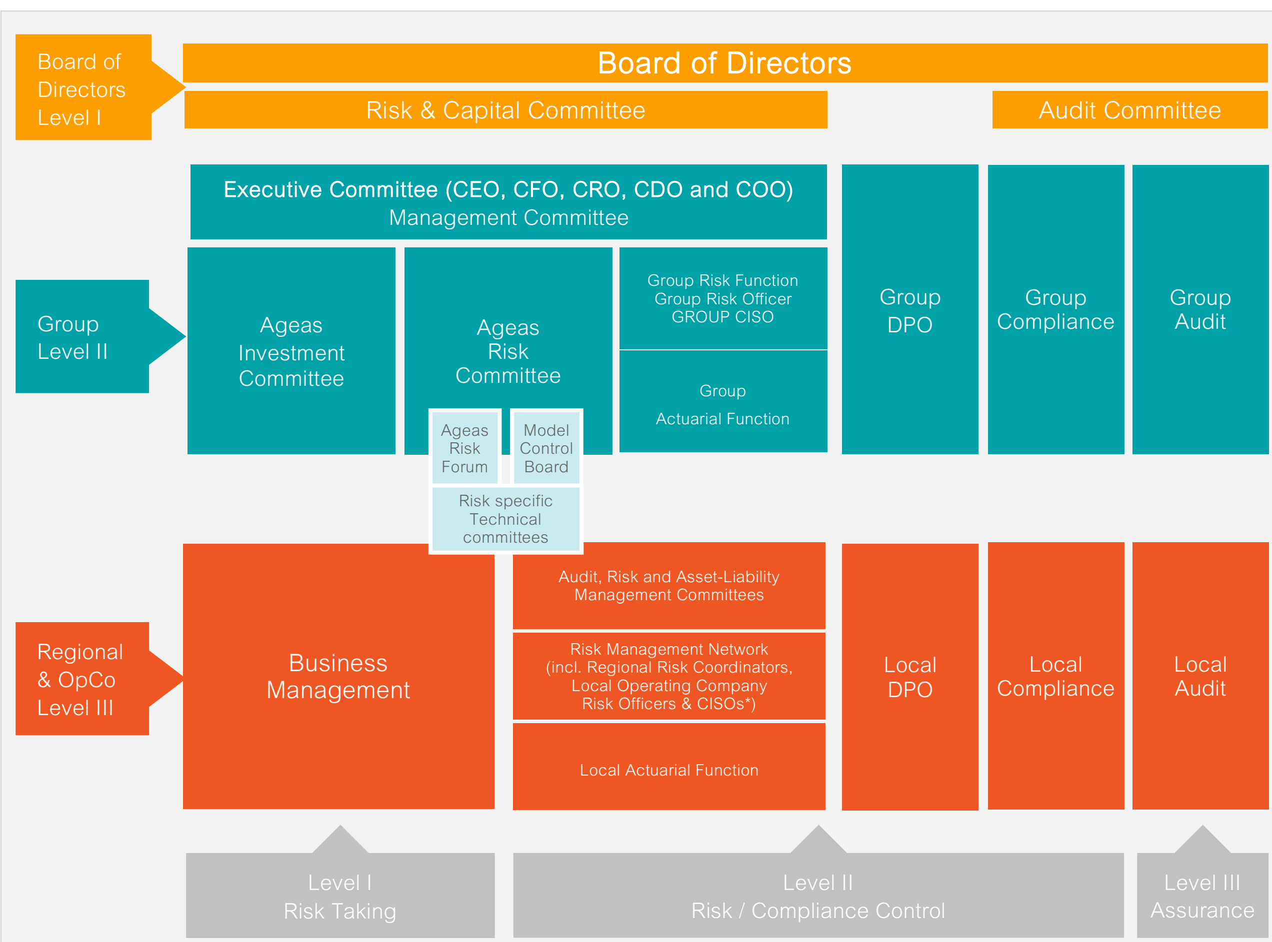
Ageas defines risk as the deviation from anticipated outcomes that may have an impact on the solvency, earnings or liquidity of Ageas, its business objectives or future opportunities.

Ageas has established and implemented an Enterprise Risk Management ("ERM") framework based on COSO [2] ERM and Internal Control frameworks, which encompasses key components that act as a supporting foundation of the risk management system. Our ERM can be defined as the process of systematically and comprehensively identifying critical risks, assessing their impact and implementing integrated strategies to provide reasonable assurance regarding the achievement of the company's objectives. Ageas's ERM framework (depicted in the diagram above) sets the following high level objectives:

- Defines a **risk appetite** to ensure that the risk of insolvency is constantly managed within acceptable levels, and that the risk profile is kept within set limits;
- Influences a **strong culture of risk awareness** whereby managers carry out their duty to understand and be aware of the risks to their business, to manage them adequately, and report them transparently;
- Ensures **identification & validation, assessment & prioritisation, recording, monitoring, and management** of risks which affect, or can affect, the achievement of strategic and business objectives;
- Supports the decision making process by ensuring that **consistent, reliable and timely risk information** is available to decision makers;
- Embeds **strategic risk management** into the overall decision making process.

4.3 Risk Management organisation and governance

A strong and effective risk governance framework, underpinned by a sound risk culture, is critical to the overall effectiveness of Ageas's risk management arrangements. The Board is ultimately responsible for the overall Risk Management. It is assisted in the discharge of its duties by several key governance bodies as depicted below and explained further in this section.



* *Local CISOs have a functional reporting line to local risk management.*

2 *Committee of sponsoring organisations of the treadway commission.*

Board of Directors

The Board of Directors is the ultimate decision-making body of Ageas without prejudice to the competences of the General Meeting. The Board determines Ageas's strategy, risk appetite and overall risk tolerance limits. Among other matters, it approves the appropriate frameworks for risk management and controls, supervises the performance of external and internal audits and monitors the performance of Ageas against its strategic goals, plans, risk profiles and budgets.

Risk & Capital Committee

The role of the Risk & Capital Committee is to advise the Board by making recommendations on all risk and capital matters and in particular on (i) the definition, supervision and monitoring of the risk profile of Ageas, compared to the targeted level of risk appetite as determined by the Board; (ii) capital adequacy and capital allocation with regards to the strategy and strategic initiatives including the Own Risk & Solvency Assessment (ORSA); (iii) strategic asset allocation; (iv) Ageas's risk governance framework and its processes; and (v) all financial aspects of the legacy issues related to the former Fortis.

Audit Committee

The Audit Committee assists the Board to fulfil its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Ageas, including internal control over financial, risk reporting and compliance.

Executive Committee

The Board has assigned the Executive Committee the task of drawing up proposals related to the business strategy that take into account the risk and financial management requirements it has set. Among other matters, the Executive Committee also monitors Ageas's performance as a whole, including key findings reported through the Risk Management function and committees. It implements adequate systems of internal controls, including for the governance and reporting of risks and financial reports. It ensures that appropriate effective internal audit, risk management and compliance functions and processes are in place. It advises the Risk & Capital Committee, the Audit Committee, Board and the markets/shareholders on the above.

Management Committee

The Management Committee advises the Executive Committee with regards to the strategy and business development, Ageas-wide policies including financial management (e.g. funding strategy, solvency matters, but excluding dividend policy) and risk management (e.g. risk appetite).

The following bodies provide advice – ultimately to the Executive Committee and/or the Board, unless they have been explicitly mandated by Executive Committee and/or Board to take decisions on specific tasks.

Ageas Investment Committee

Ageas Investment Committee (AGICO) advises the Executive Committee and monitors overall asset exposures to ensure that they are managed in accordance with the risk framework and within agreed limits. It advises management on decisions regarding investments. Its role also includes making recommendations relating to the Strategic Asset Allocation and Asset & Liability management and aims to optimise the overall investment strategy of the Group and ensures that risk mitigation actions are taken when necessary. This committee is split into an Asian part and a European part to ensure relevant regional focus.

Ageas Risk Committee (ARC)

Ageas Risk Committee (ARC) advises the Executive Committee on all risk related topics ensuring that all risks that affect the achievement of strategic, operational and financial objectives are promptly identified, measured, managed, reported and monitored (through adequate risk appetite limits) and that adequate risk management governance and organisations are in place and followed (as stipulated in the context of the ERM Framework). The Group, regional and local Chief Risk Officers and Chief Financial Officers from the regions are members of the ARC, which ensures that decisions or recommendations made by the ARC take into account the views and expertise of the operations. The most significant risk issues and methodologies are also reviewed and decided upon by the Executive Committee and by the Board. The ARC is itself advised by the Ageas Risk Forum on topics related to the risk management framework and by the Ageas Model Control Board that makes sure the models used are appropriate and suited to the task they are used for.

Ageas Risk Forum (ARF)

Ageas Risk Forum (ARF) advises the Ageas Risk Committee on topics related to the enterprise risk management framework. Group, regional and local Risk Officers are members of the ARF, ensuring knowledge and best practice sharing to further develop and continuously improve the Group's ERM framework. The ARF itself is advised by Risk-Specific Technical Committees where appropriate.

Ageas Model Control Board (MCB)

Ageas Model Control Board (MCB) advises the Ageas Risk Committee on topics related to the models and methodology. The MCB is composed of Group Risk Model Managers, regional and local representatives, allowing for the proper interactions with the local Model Control Boards. The MCB ensures that the models used are appropriate and suited to the task they are used for. The MCB is itself advised by Risk-Specific Technical Committees where appropriate.

Risk-specific technical committees

Risk-specific technical committees, such as the Ageas Financial Risk Technical Committee, Ageas Life Technical Committee, Ageas Non-life Technical Committee and Ageas Operational Risk Technical Committee act as technical expert bodies. They assure consistency of methodology and modelling approaches across Ageas's local operating companies. They facilitate the collection of business requirements and align Ageas Group platforms supporting the relevant risk assessments with business requirements and overall regulatory requirements. They act as advisory bodies to the ARF and MCB.

Group Risk Function

The Group Risk Function - headed by the Group Chief Risk Officer (CRO) - is responsible for monitoring and reporting on the overall risk profile of the Group including the aggregate risk profile of the insurance companies. It develops, proposes and implements the ERM framework that it documents through regularly updated ERM policies. It ensures the appropriateness of the overall model governance taking into account remarks made by Ageas's independent Model Validation team. It also coordinates major risk related projects. Group Risk (also being part of the ESG ambassador network) follows the topic of sustainability, and monitors developments - such as European Commission action plans, EIOPA (European Insurance and Occupational Pensions Authority) opinions, Regulatory statements and changes in regulation - and prepares appropriate actions.

Information Security is part of the ERM framework and the Group Chief Information Security Officer (CISO) reports to Senior Management within the Group Risk organisation. The Group (and local) CISOs develop and maintain the information security strategy and policy that supports information security governance framework, and coordinate information security across the organisation. Group (and local) CISOs oversee information security programmes and related initiatives, and regularly report on information security related risks and level of maturity to appropriate Steering / Risk Committees, Executive Management and Board of Directors.

Group Data Protection Function

The Data Protection Officer (DPO) is an independent function that provides adequate support to the management team with regard to their accountability for ensuring compliance with GDPR. The DPO develops and monitors the implementation of the Personal Data Management framework through appropriate management structures and controls, and performs analysis of security, privacy and data protection risks. The DPO escalates issues to the local Data Protection Authority (DPA) when it is clear that the entity is about to start processing personal data that could cause damage and/or distress to the data subjects. The DPO also organises educational programmes to staff making sure that accountabilities and responsibilities within the entity are understood.

Group Actuarial Function

An independent function directly reporting to the CRO in order to facilitate the collaboration with the Risk Management System. The main role of the Actuarial function is to issue Actuarial Opinions on three key subjects (Technical Provisions, Underwriting and Reinsurance), and additionally, coordinates the calculation of technical provisions and assures a level of consistency throughout the Group. At Group level, two Actuarial Functions co-exist; the Ageas Group Actuarial Function that consolidates the opinions of the local entities and the Ageas Local Actuarial Function (ALAF). The ALAF focuses on the reinsurance business underwritten by ageas SA/NV.

The above-mentioned structures favour consistency, transparency, sharing of knowledge and make sure that Group-wide developments benefit from the practical experience and expertise of local operating companies.

Local Operating Companies (OpCos)

Each OpCo is responsible for ensuring that it has a comprehensive risk management framework in place, and for managing its risks within the limits, policies and guidelines set by Regulators, Ageas Group and its local Board of Directors.

Furthermore, each OpCo is required to have the following in place:

- a Board level Risk Committee and Audit Committee to assist the Board in fulfilling its supervision;
- a Management Risk Committee, which supports its management team in ensuring that key risks are well understood and appropriate risk management procedures are in place;
- an ALM Committee whose role includes the monitoring of market risks to ensure they are managed in accordance with the risk framework and within agreed limits and to make specific decisions or recommendations relating to ALM;
- a local Model Control Board which coordinates with the Ageas MCB;
- a risk function (or Risk Officer) to support the work of the Risk Committee and to provide risk reporting and opinions to the local CEO, local Board and to Group management;
- an actuarial function in line with Solvency II regulatory requirements;
- a compliance function that advises the administrative or management body on compliance with laws, regulations and administrative requirements and Group and local policies where these set additional requirements. Compliance assesses the possible impact of any changes in the legal environment on the operations of the undertaking concerned and identifies any compliance risk;
- a Chief Information Security Officer (CISO) supports local Senior Management;
- a Data Protection Officer (DPO) that reports to the highest local management level and is contact person for the local DPA;
- an internal audit function assessing the adequacy and effectiveness of the internal control system and other elements of the risk governance system.

4.3.1 Three Lines of Defence

Ageas has implemented a 3 lines of defence model - the three lines share the ultimate aim of helping the organisation to achieve its objectives while effectively managing risk.

First line of defence (Business Owner):

- Responsible for implementing the ERM framework and embedding an appropriate risk culture at all levels. The 1st Line of Defence has the primary responsibility to identify, own, measure, manage, and report the full taxonomy of risks in their areas, ensuring that Ageas does not suffer from unexpected events. They are responsible for the execution of the business strategy ranging from the CEO, line management and business managers to employees at the business lines. They are responsible for ensuring that adequate and effective processes and controls are implemented.

Second line of defence
(Risk Management, Actuarial Function, Compliance, CISO and DPO):

Risk Management provides guidance to management, but is not responsible for the management decisions or their execution. Its role is primarily one of advising Senior Management and the Board of Directors on the setting of high level strategies and risk appetite aggregation. Risk Management establishes and maintains the ERM framework (including the suite of ERM policies deployed across the Group), and facilitates, assesses and monitors the effective operation of the risk management system. Moreover, the function provides risk education and training, and maintains oversight and challenge of key risks, including how they are measured and managed. CISOs are responsible for information security management and have, amongst others, the following main responsibilities:

- Developing and maintaining information security strategy and policy that support information security governance framework;
- Coordinating information security across the organisation;
- Overseeing the information security programme and initiatives;
- Ensuring performance of risk and business impact assessments related to information security and defining risk mitigation strategies;
- Enforcing policies, standards and regulatory compliance;
- Monitoring current, new and emerging business trends, technological development, information security solutions, security standards as well as regulations and legislations;
- Ensuring information security gaps and overlaps are identified and addressed;
- Overseeing the investigation and resolution of information security incidents;
- Reporting on a regular basis on information security related risks and level of maturity to appropriate Steering / Risk Committees, Executive Management and Board of Directors;
- Being a contact point towards regulator regarding information security related topics.

The role of the Actuarial Function is based on specific technical expertise and experience gained by the function. It coordinates the calculation of the technical provisions and acts independently from model managers, implementation managers and model users in order to issue an opinion about the reliability and adequacy of the technical provisions. It also issues an opinion on the appropriateness of the underwriting practices and the reinsurance arrangements.

Compliance provides reasonable assurance that the company and its employees comply with laws, regulations, internal rules and ethical standards. Compliance ensures that policies (both risk and compliance related) are in place and that they abide by internal and external rules and requirements.

DPOs ensure, in an independent manner, that the entity correctly applies the law to protect personal data and keeps a public register explaining all operations carried out by the entity that involve processing personal data. Ageas Group DPO resides within the Group Risk structure. DPOs have, amongst others, the following main responsibilities:

- Provides independent opinions and advises the Executive Committee and the Risk Committee;
- Organises GDPR[3] training in general and in particular to the Management so that it can properly assume its responsibilities regarding data protection;
- Defines GDPR related policies and methodologies, being part of the ERM framework, and monitors its implementation;
- Maintains the Data Processing Register;
- Reviews the Data Protection Impact Assessment (DPIA) and risk identification;
- Monitors and reports on GDPR risks;
- Cooperates with the local Data Protection Authority (DPA);
- Acts as contact person for the data subjects;
- Manages the impacts of data breaches according to the GDPR requirements;
- Reports directly to the highest management level in a transparent way on all its activities.

3 *General Data Protection Regulation.*

Third line of defence (Internal Audit):

- Provides a reasonable level of independent assurance to Senior Management and Board of Directors on the adequacy and effectiveness of governance, risk management and controls.

4.4 Capital Management Objectives

Capital is a scarce and strategic resource, which requires a clearly defined, rigorous and disciplined management approach in order to ensure efficient and effective deployment. The Capital Management approach that Ageas follows aims to balance the needs and requirements of all stakeholders including shareholders, debt investors, regulators, rating agencies and customers.

The main objectives of capital management at Ageas are:

- to optimise the capital structure, composition and allocation of capital within Ageas;
- to ensure value creation by funding profitable growth, as well as protecting the viability and profitability of the business;
- to ensure optimal dividend levels, both for the Group as well as its subsidiaries.

4.4.1 Capital Management Framework

Ageas's objectives with respect to capital management are to be achieved by adhering to clearly defined processes. These are governed by clearly defined policies and procedures to ensure that capital management practices throughout the Group and the OpCos are understood, documented and monitored (with corrective actions taken if necessary).

The Capital Management Framework at Ageas defines rules and principles in respect of the following:

- Capital planning, i.e. defining the capital level the Group wants to hold, which is a function of:
  - Legal requirements and anticipated changes;
  - Regulatory requirements and anticipated changes;
  - Growth ambitions and future capital commitments;
  - The Risk Appetite Policy.
- Capital allocation, i.e. determining the capital use that Ageas foresees, which is a function of:
  - Optimisation of risk reward;
  - The Dividend Policy (and future capital raising);
- Capital structuring, i.e. maintaining an efficient balance between equity and debt;
- Capital Management governance, i.e. setting clear roles and responsibilities on people and decisional bodies involved in Capital Management Processes.

4.5 Assessing Solvency & Capital

4.5.1 Measuring capital adequacy

Under Solvency II, Ageas uses a Partial Internal Model (PIM) (for Non-life at the level of some entities) to measure its Solvency Capital Requirement under pillar 1. Ageas supplements the PIM Non-life with its own internal view to measure its Solvency Capital Requirements (called SCR_{ageas}) under pillar 2. On top of the Partial Internal Model Non-life, the SCR_{ageas} enhances the standard formula with the following elements:

- Reviewed spread risk treatment;
- Inclusion of fundamental spread for EU sovereign (& equivalent) exposures;
- Exclusion of non-fundamental spread on other debt;
- Internal model for Real Estate (including parking concessions);
- Exclusion of transitional measures.

This SCR_{ageas} is then compared with qualifying own funds to determine the Group's overall capital adequacy, providing the Solvency II_{ageas} ratio.

For more information on Solvency II, please see also note 5 Regulatory supervision and solvency.

Overall capital adequacy is verified on a Group-wide basis, quarterly and annually:

- Through a quarterly Solvency and Capital report, Ageas's Board of Directors ensures that capital adequacy continues to be met on a current basis;
- Ageas's Board also proactively assesses and steers the Group's capital adequacy on a multi-year basis, taking into account strategy and forecasted business and risk assumptions. This is done through a process called Own Risk & Solvency Assessment, which is embedded into Ageas's multi-year budgeting and planning process.

4.5.2 Risk Appetite Framework

The Risk Appetite Framework consists of criteria which are used to formulate the willingness of management to take on risk in a specific area. Ageas's Risk Appetite Framework applies to all OpCos of Ageas (defined as entities of which Ageas, directly or indirectly is a shareholder, and holds operational control), and on a best effort basis to affiliates (defined as entities of which Ageas, directly or indirectly is a shareholder, but does not hold operational control).

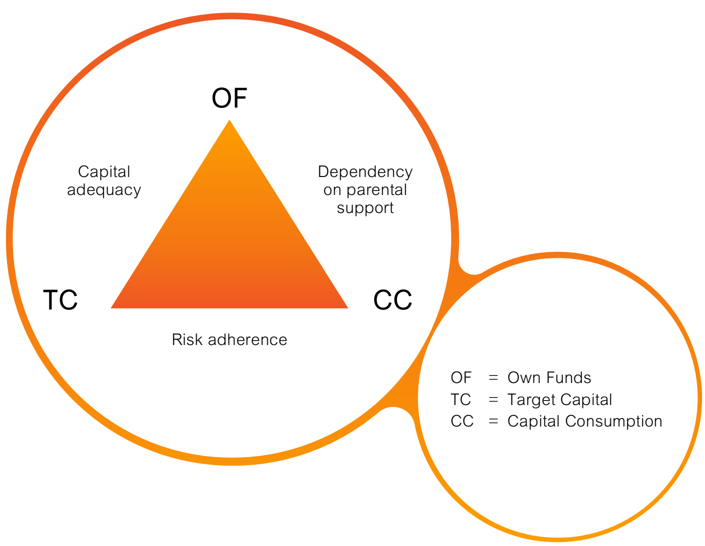
The Risk Appetite & Capital Management framework foresees possible management actions along three axes.

The main objectives of the risk appetite framework are to ensure that:

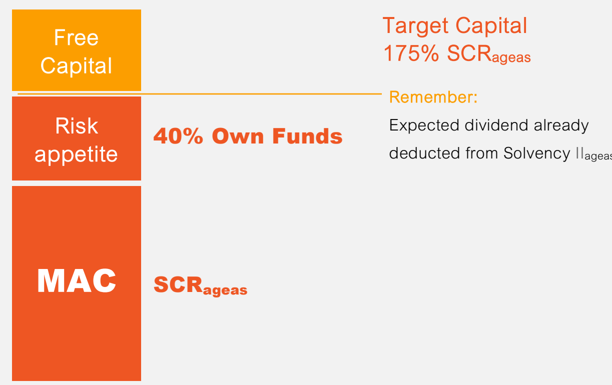
- The exposure to a number of key risks of each OpCo and the Group as a whole remain within known, acceptable and controlled levels;
- Risk Appetite criteria are clearly defined, so that actual exposures and activities can be compared to the criteria agreed at Board level, allowing monitoring and positive confirmation that risks are controlled and that the Board is able and willing to accept these exposures;
- Risks limits are linked to the actual risk taking capacity of an OpCo and Group in a transparent and straightforward way.

Due to their importance for the continued operation of Ageas, and its ability to adhere to its commitments to its stakeholders, the following criteria are set:

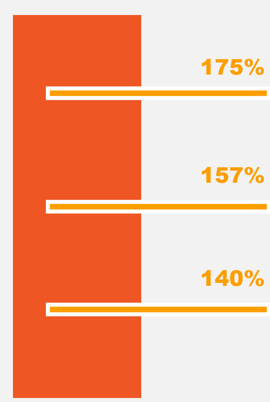
- Solvency
  - Risk Consumption (RC) remains below the Risk Appetite (RA) budget, set at 40% of Own Funds, net of expected dividends.
  - Capital Consumption (CC) remains below the Target Capital (TC), set at 175% of SCR_{ageas}.
- Earnings
  - The deviation from year-end budgeted IFRS earnings due to a combined 1/10 financial loss event is limited to 100%.
  - With the following early warning mechanism: The deviation from year end forecasted IFRS earnings (or budgeted IFRS earnings should the forecast be lower than the budget) due to a combined 1/10 financial loss event is limited to 100%.
- Liquidity
  - The base liquidity ratio is at least 100%.
  - The stressed liquidity ratio is at least 100%.



Target level corresponds to Risk appetite



Solvency II guidance for return to shareholders



- Available for strategic investments
- Dividend policy applied
- Share Buy Back (SBB) if no sizeable M&A

- Dividend policy still applied
- Ongoing SBB maintained - no new SBB

- Risk reducing &/or capital strengthening measures
- Reduced dividend
- Ongoing SBB maintained - no new SBB

- Materially reduced dividend
- Ongoing SBB suspended
- Risk reducing &/or capital measures
- Coupon servicing continues

Target level corresponds to Risk appetite

Risk appetite (RA)

- Budget agreed upon by the Board for taking risk in pursuit of strategic objectives
- Under 1/30 loss event
- RA kept at 40% Own Funds
- Local risk profile and local risk appetite

MAC: Minimum acceptable capital

- Capitalisation level we really want to protect
- Group target: **MAC = SCR_{ageas}**

4.6 Risk taxonomy

In order to ensure a consistent and comprehensive approach to risk identification, Ageas has defined a risk taxonomy encompassing the key risks that can impact the Group. The risk taxonomy (below) is aligned with Solvency II risk categories, which facilitates the alignment of internal and external reporting.

TOTAL RISKS

RISK TAXONOMY

FINANCIAL RISKS	INSURANCE RISKS	OPERATIONAL RISKS	STRATEGIC & BUSINESS RISKS
▪ Market risk ▪ Default risk ▪ Liquidity risk (assets & liabilities) ▪ Intangible assets risk	▪ Life risk ▪ Non-life risk ▪ Health risk ▪ Reinsurance risk	▪ Clients, products & business practices ▪ Execution, delivery & process management ▪ Business disruption and system failures ▪ Employment practices & workplace safety ▪ Internal fraud external fraud (incl. Cyber) ▪ Damage to physical assets	▪ Strategic risk ▪ Change risk ▪ Environment & industry risk ▪ Systemic risk

The risk in execution cycle (depicted in the ERM framework visual – section 4.1) is fundamental to our Key Risk Reporting (KRR) process, which consists of a systematic approach to identify key (existing) risks that threaten the realisation of Ageas's strategy and objectives. The process considers all types of risks out of our risk taxonomy to identify key risks, aims at analysing risk causes and ensuring that exhaustive responses to control and risk mitigation are developed. During this process, identified risks are assessed and managed using Ageas's risk rating methodology (likelihood and impact criteria are used to determine a level of concern, which guides us on actions to be taken). Each region and/or OpCo follows up on their key risks at least on a quarterly basis, and the most significant risks are also monitored at Group level.

Ageas has also implemented an emerging risk process - Emerging risks are derived from emerging trends[4] that could become a possible threat / risk or opportunity for the business and that, by their nature, are uncertain and difficult to quantify. Insurers face a degree of change and uncertainty that appears to be evolving at an ever quickening pace. Understanding these changes can help to either enable us to explore new opportunities or develop measures to mitigate the potential risks.

In identifying key risks and emerging risks, a wide-range of internal and external sources are considered. Internal sources include our risk taxonomy which covers traditional insurance related risks, such as financial, insurance, and operational risks, but also covers risks that can impact our strategy and business, such as climate change, environmental and human rights / capital risks. External sources include industry reports and market available information.

The top risks that Ageas faced during 2019 are:

- High market valuation and increased volatility – asset valuations are in general above historical trends and sizeable corrections can have noticeable impacts on solvency and earnings.
- Prolonged low interest rate or sudden rise of interest rate combined with mass lapses.
- Changes in regulatory landscape.

4 *Current and future developments linked to the internal and external environment, including strategic objectives - these developments were identified through the Think2030 initiative and 2019 Group Strategy Horizon Scan process.*

Brexit

On January 31, 2020 the United Kingdom ceased to be a member of the European Union. The Withdrawal Agreement agreed between the United Kingdom and the European Union includes a transition period until 2020 Year End, during which EU laws will continue to apply to the United Kingdom and negotiations in respect of a trade agreement will take place.

At the end of the transition period, the impact for Ageas will depend upon whether a trade agreement has been agreed, and the terms of such agreement, but may include:

- A loss of passporting rights: Impacts are assumed limited for the UK business in relation to the small volume of business sold in Ireland. In Europe, impact is assumed in relation with counterparties on the asset management side of European operating companies but situation is being monitored and we have started to progressively work with European counterparties.
- Restrictions on the ability to transfer personal data between the European Union and the United Kingdom, although it is expected that transfers will be able to continue provided certain safeguards are put in place.
- A divergence in prudential rules, which could result in a difference between the capital requirements applicable in the UK and those applicable to Ageas Group's participation in the UK business under Solvency II.
- Indirect consequences such as unexpected hikes in claims inflation, for example due to delay in repairs, exchange rate volatility or increased medical costs as well as a potential increase in customer service demand.

We note that, while in broad terms, emerging risks with potential impact on our objectives remain fairly constant throughout the year, new trends always arise, catching the public's attention – some fade out quickly and others gain more ground over time. Our aim is to continuously monitor these developments and be prepared to react when needed, notably:

- Cybercrime – although Ageas recognises cybercrime as an existing risk, the topic is continuously evolving – the ever-evolving aspects are monitored as an emerging risk;
- Low interest rate Asia;
- Robotics / AI (Artificial Intelligence) / Big Data;
- Future of work;
- New customer needs / expectations / demutualisation;
- Organisational transformation;
- Geo-political instability;
- Data availability & use;
- Sustainability and ethical ways of doing business;
- Climate change / extreme weather;
- New insurance players;
- Demographic change;
- Regulation;
- Future of health.

4.7 Details of various risk exposures

The following sections explain Ageas's risk types and various risk exposures in more detail.

4.7.1 Financial risk

Financial risk encompasses all risks relating to the value and performance of assets and liabilities that may affect solvency, earnings and liquidity due to changes in financial circumstances. These include:

- Market risk;
- Default risk;
- Liquidity risk;
- Intangible assets risk.

Financial risk is the most material risk for many of Ageas's operations. The risk framework in place at all operations combines investment policies, limits, stress tests and regular monitoring in order to control the nature and level of financial risks and to ensure that risks being taken are appropriate for both customer and shareholder and are appropriately rewarded.

The overall asset mix is determined by local businesses based on asset mix studies to identify the appropriate strategic assets, their adequacy from an ALM perspective and on regular monitoring of the market situation and prospects to decide on the tactical allocation. The decision process needs to balance risk appetite, capital requirements, long-term risks and return, policyholder expectations, profit sharing requirements, tax and liquidity issues to arrive at an appropriate target mix. The mission of the Group Risk function includes monitoring aggregate exposures against risk appetite regarding financial risks, and working with the local businesses to develop policies and best practice, which must be adopted by the local Boards to ensure they become part of the local regular activity.

4.7.1.1 Market risk

Market risk arises from adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets and liabilities.
It is composed of the following sub-risks:

a. interest rate risk;
b. equity risk;
c. spread risk.
d. currency risk;
e. property risk;
f. market risk concentration.

The sensitivities presented in this note exclude the impact in non-controlled participations.

A. INTEREST RATE RISK

Interest rate risk exists for all assets and liabilities sensitive to changes in the term structure of interest rates or interest rate volatility. This applies to both real and nominal term structures. The risk arises as a result of a mismatch between the sensitivity of assets and liabilities to changes in interest rates and associated volatility, which can adversely impact the earnings and solvency position.

Ageas measures, monitors and controls its interest rate risk using a number of indicators including cash flow mismatch analysis and stress testing. The investment and ALM policies usually require close matching unless specifically approved otherwise. Longer term business can be difficult to match due to lack of availability of suitable assets. The matching strategy will be determined taking into account risk appetite, availability of (long-term) assets, current and prospective market rates and levels of guarantee. Derivatives are sometimes used to hedge interest rate risk. Note that low interest rate has been defined as a strategic risk with focus on fixed/variable cost structure.

The typically long insurance liabilities and lack of long-term assets generally imply a negative gap in the long maturity buckets and a positive one at the shorter end of the curve.

The table below shows the gross impact on the IFRS income statement and IFRS equity as a result of a decrease in the interest rate of 50 basis points at maximum (depending on the yield-curve) or an increase in the interest rate by 75 basis points (never below zero, on the bond portfolio - including the risk free bonds and the floating rate bonds until the interest reset date).

		2019		2018
	Impact on income statement	Impact on IFRS Equity	Impact on income statement	Impact on IFRS Equity
Interest - rate down (max 50 bp)	(0.3)	10.7	(1.1)	114.9
Interest - rate up + 75 bp	1.3	(1,116.1)	0.9	(1,533.8)

B. EQUITY RISK

Equity risk arises from the sensitivity of assets and liabilities and financial instruments to changes in the level or volatility of market prices for equities or their yield, which can impact earnings and the solvency position.

This risk is controlled through limit setting based on the risk appetite and by investment policies that require a range of controls to be in place including the action that will be taken in the event of significant decreases in value. Earlier pro-active management of this risk has resulted in the rapid reduction in exposure to equity risk through sales and hedging. This helps to limit losses and to ensure that the insurance companies remain solvent throughout a financial crisis.

For risk management purposes, Ageas bases its definition of equity exposure on the economic reality of underlying assets and risks. Taking a risk based approach; the total economic exposure to equities at fair value is given in the table below together with the reconciliation to the IFRS reported figures.

	2019	2018
Type of asset		
Direct equity investments	2,301.4	2,254.1
Equity funds	489.9	279.3
Private equity	103.3	82.6
Asset allocation funds	52.9	91.0
Total Economic equity exposure	2,947.5	2,707.0
Debt funds	413.9	806.9
Money market funds	349.5	199.5
Real estate funds (SICAFI/REITS)	1,065.6	884.7
Total IFRS equity exposure	4,776.5	4,598.1
of which:		
Available for Sale (see note 10)	4,649.0	4,462.6
Held at Fair Value (see note 10)	127.5	135.5

Sensitivities

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of an equity down (-30%) sensitivity shock.

		2019		2018
	Impact on income statement	Impact on IFRS Equity	Impact on income statement	Impact on IFRS Equity
Equity - market risk	(107.7)	(616.1)	(198.3)	(419.9)

C. SPREAD RISK

Spread risk results from the sensitivity of the value of assets and liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

A significant portion of Ageas's liabilities are relatively illiquid. Ageas generally aims to hold credit assets to maturity. This limits the long-term impact of spread risk significantly because liabilities that are relatively illiquid mean that Ageas can hold these assets to maturity. Although short-term volatility can be significant, it is unlikely that Ageas would be forced to sell at distressed prices. Ageas can, however, choose to sell if it considers this to be the best course of action. For internal risk management purposes, Ageas considers the sensitivity to long-term fundamental spread risk, similar to the Solvency II "Volatility Adjustment" concept, but taking into account its specific portfolio characteristics. This is considered to be more in line with Ageas's business model, where realising capital losses is generally avoided, compared to a pure mark-to-market approach.

Ageas's spread risk treatment in the SCR_{ageas} is as follows:

- Inclusion of fundamental spread for EU sovereign and equivalent exposures;
- Exclusion of non-fundamental spread for other debt.

Sensitivities

The impact of spread risk is measured based on a factor times duration. The table below shows the factors from AAA to B corporate with a modified duration (shorter than) five years and equal to ten years, which are applied to the credit exposure to measure the impact on the IFRS income statement and IFRS equity:

	Impact on income statement	Impact on IFRS Equity
Stress - AAA (5 year / 10 year)	+ 54 bps / + 42 bps	+ 68 bps / + 53 bps
Stress - AA (5 year / 10 year)	+ 66 bps / + 51 bps	+ 83 bps / + 64 bps
Stress - A (5 year / 10 year)	+ 84 bps / + 63 bps	+ 105 bps / + 79 bps
Stress - BBB (5 year / 10 year)	+ 150 bps / + 120 bps	+ 188 bps / + 150 bps
Stress - BB (5 year / 10 year)	+ 270 bps / + 210 bps	+ 338 bps / + 263 bps
Stress - B (5 year / 10 year)	+ 450 bps / + 351 bps	+ 563 bps / + 439 bps

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of a spread sensitivity shock.

		2019		2018
	Impact on income statement	Impact on IFRS Equity	Impact on income statement	Impact on IFRS Equity
Spread - risk	(3.0)	(969.1)	(6.1)	(945.2)

D. CURRENCY RISK

Currency risk arises from the sensitivity of assets and liabilities to changes in the level of currency exchange rates when there is a mismatch between the relevant currency of the assets and liabilities. At Group level, this includes situations where Ageas has assets (in subsidiaries and equity associates) or liabilities (from funding) that are non-euro denominated.

Ageas's investment policy limits this risk by requiring the currency mismatch between assets and liabilities at subsidiaries to be minimised and in most cases it is eliminated entirely.

Ageas's policy is not to hedge equity investments and permanent funding for subsidiaries and equity associates in foreign currency. Ageas accepts the mismatch arising from ownership of local operating companies in non-euro currencies as a consequence of being an international group.

The main currency risk exposures to foreign currencies as at 31 December are stated in the following table. The exposures shown are net (assets minus liabilities), after any hedging denominated in euros.

At 31 December 2019	HKD	GBP	USD	CNY	INR	MYR	PHP	THB	VND	RON	TRY	Other
Total assets	6.3	3,824.0	1,080.7	1,742.4	225.5	479.8	90.4	1,499.4	17.2	26.3	82.6	50.3
Total liabilities	11.5	2,803.5	33.7							1.2		6.2
Total assets minus liabilities	(5.2)	1,020.5	1,047.0	1,742.4	225.5	479.8	90.4	1,499.4	17.2	25.1	82.6	44.1
Off balance		(2.4)	(589.7)									
Net position	(5.2)	1,018.1	457.3	1,742.4	225.5	479.8	90.4	1,499.4	17.2	25.1	82.6	44.1
Of which invested in subsidiaries and equity associates	(4.6)	997.7	76.1	1,742.4	219.4	479.8	57.1	1,499.4	14.1	26.3	82.6	

At 31 December 2018	HKD	GBP	USD	CNY	INR	MYR	PHP	THB	VND	RON	TRY	Other
Total assets	3.8	3,614.3	1,265.7	1,150.9	38.1	426.8	84.4	685.1	17.2	24.4	83.8	41.8
Total liabilities	6.6	2,737.2	729.3	6.3	4.6			1.4		1.4		33.8
Total assets minus liabilities	(2.8)	877.1	536.4	1,144.6	33.5	426.8	84.4	683.7	17.2	23.0	83.8	8.0
Off balance		(28.8)	(461.9)									10.5
Net position	(2.8)	848.3	74.5	1,144.6	33.5	426.8	84.4	683.7	17.2	23.0	83.8	18.5
Of which invested in subsidiaries and equity associates	(0.6)	895.8	82.0	1,150.9	26.6	426.8	53.7	685.1	11.4	24.4	83.8	

E. PROPERTY RISK

Property risk arises as a result of sensitivity of assets and liabilities to the level or volatility of market prices of property or their yield.

For risk management purposes, Ageas defines the exposure to real estate based on the market value of these assets, including assets held for own use and IFRS 16 lease assets. The exposure considered differs from the exposure reported under IFRS definitions, which excludes unrealised gains or losses. The table below identifies what Ageas considers economic exposure to real estate and how this is reconciled to the figures reported under IFRS.

For internal risk management purposes, Ageas applies an internal model for real estate in its main subsidiaries, in which real estate risk is treated according to the underlying economic exposure, rather than IFRS classification of the assets.

	2019	2018
Type of asset		
Carrying amount		
Investment properties (see note 11)	2,602.5	2,727.3
PP&E: land and buildings for own use and Car parks (see note 16)	1,571.6	1,105.4
Property intended for sale (see note 15)	194.3	125.5
Total (at amortised cost)	4,368.4	3,958.2
Real estate funds (at fair value)	1,065.6	884.7
Total IFRS real estate exposure	5,434.0	4,842.9
Unrealised capital gain (Economic exposure)		
Investment properties (see note 11)	1,302.9	1,307.7
PP&E: land and buildings for own use (see note 16)	624.2	499.3
Total Economic real estate exposure	7,361.1	6,649.9

Sensitivities

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of a property down by 10% shock.

	2019		2018	
	Impact on income statement	Impact on IFRS Equity	Impact on income statement	Impact on IFRS Equity
Real estate risk	(150.5)	(325.6)	(216.9)	(346.5)

F. MARKET CONCENTRATION RISK

Market risk concentration refers to risks stemming from a lack of diversification in the asset portfolio stemming from a large exposure by a single issuer of securities or a group of related issuers.

Concentration risk can arise due to large aggregate exposures to single counterparties or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of impairments due to a bankruptcy or failure to pay.

Avoidance of concentration is therefore fundamental to Ageas credit risk strategy of maintaining granular, liquid and diversified portfolios. Each local business is responsible for its own counterparty limits, taking into account its particular situation and any Group requirements. Each local business is in charge of continuous monitoring. Periodic reporting allows the Group to check these limits and monitor the overall position.

To manage the concentration of credit risk, Ageas's investment limits aim to spread the credit risk across different sectors and countries. Ageas monitors its largest exposures to individual entities, groups of companies (Total One Obligor) and other potential concentrations such as sectors and geographic areas to ensure adequate diversification and identification of significant concentration risk.

The table below provides information on the concentration of credit risk as at 31 December by type and by location of the Ageas entity.

31 December 2019	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	35,738.1	17,586.4	4,867.5	1,558.4	93.1	59,843.5
UK	421.1	1,251.9	1,526.2		41.7	3,240.9
Continental Europe	6,917.7	3,264.7	419.7	20.7	96.8	10,719.6
- *France*	*2,097.8*	*821.1*	*55.7*	*20.4*	*36.9*	*3,031.9*
- *Portugal*	*4,819.9*	*2,443.6*	*364.0*	*0.3*	*59.9*	*7,687.7*
Asia		4.3			0.4	4.7
Reinsurance	278.2	687.8	35.3			1,001.3
General Account and eliminations*	0.5	2,190.8	(1,001.3)		0.8	1,190.8
Total	43,355.6	24,985.9	5,847.4	1,579.1	232.8	76,000.8

31 December 2018	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	34,785.1	7,842.2	12,572.4	1,501.4	83.5	56,784.6
UK	751.2	804.7	1,404.2		39.5	2,999.6
Continental Europe	6,048.1	2,136.4	1,537.4	23.6	61.5	9,807.0
- *France*	*1,817.4*	*525.1*	*315.1*	*23.3*	*19.6*	*2,700.5*
- *Portugal*	*4,230.7*	*1,611.3*	*1,222.3*	*0.3*	*41.9*	*7,106.5*
Asia		3.0			0.5	3.5
Reinsurance		30.2	98.2		13.4	141.8
General Account and eliminations		1,677.0	4.2		80.5	1,761.7
Total	41,584.4	12,493.5	15,616.4	1,525.0	278.9	71,498.2

* *The line 'General Account and eliminations' in 2019 is mainly linked to the reinsurance programme.*

The table below provides information on the concentration of credit risk as at 31 December by type and location of counterparty.

31 December 2019	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	21,641.4	2,298.9	1,710.2	1,558.4	49.6	27,258.5
UK	306.1	2,215.3	898.4		43.3	3,463.1
Continental Europe	21,321.6	16,510.0	3,228.1	20.4	89.1	41,169.2
- France	*6,639.0*	*5,043.7*	*948.6*	*20.4*	*53.7*	*12,705.4*
- Portugal	*2,867.2*	*399.4*	*199.8*		*51.7*	*3,518.1*
- Other	*11,815.4*	*11,066.9*	*2,079.7*		*(16.3)*	*24,945.7*
Asia		299.4			0.5	299.9
Other countries	86.5	3,662.3	10.7	0.3	50.3	3,810.1
Total	43,355.6	24,985.9	5,847.4	1,579.1	232.8	76,000.8

31 December 2018	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	21,105.8	1,245.4	2,054.2	1,501.4	128.2	26,035.0
UK	450.0	647.1	1,961.9		43.6	3,102.6
Continental Europe	19,968.8	9,224.7	9,644.3	23.4	106.4	38,967.6
- France	*6,513.9*	*2,566.1*	*3,323.0*	*23.3*	*30.0*	*12,456.3*
- Portugal	*2,593.9*	*444.9*	*329.9*		*6.3*	*3,375.0*
- Other	*10,861.0*	*6,213.7*	*5,991.4*	*0.1*	*70.1*	*23,136.3*
Asia		40.0	115.0		0.6	155.6
Other countries	59.8	1,336.3	1,841.0	0.2	0.1	3,237.4
Total	41,584.4	12,493.5	15,616.4	1,525.0	278.9	71,498.2

The table below shows the highest exposures to ultimate parents measured at fair value and nominal value with their ratings.

Highest Exposure Top 10	Group Rating	Fair Value	Nominal Value
Kingdom of Belgium	AA-	20,653.6	15,005.0
French Republic	AA	7,003.8	5,188.6
Portuguese Republic	BBB-	5,175.9	4,392.4
Republic of Austria	AA+	2,874.5	2,159.4
Kingdom of Spain	A-	2,271.8	1,593.2
Federal Republic of Germany	AAA	1,792.3	1,339.3
Republic of Italy	BBB	1,557.5	1,617.9
European Investment Bank	AAA	1,373.4	1,116.8
Region Wallonne	A	1,059.4	965.7
EFSF	AA+	806.6	630.7
Total		44,568.8	34,009.0

The Kingdom of Belgium remains the top counterparty in line with the strategy to 'redomesticate' at the cost of increasing the risk towards the home country.

4.7.1.2 Default risk

Default risk is composed of two sub-risks:

a. investment default risk;

b. counterparty default risk.

The following table provides an overview of the credit risk to which Ageas is exposed.

31 December 2019	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General	Group Eliminations	Total Ageas
Cash and cash equivalents (see note 9)	975.5	105.6	320.2	4.3	199.0		1,604.6	2,140.8		3,745.4
Derivatives held for trading (assets) (see note 10)	8.3		1.8				10.1			10.1
Loans	10,839.0	45.9	164.7			(0.1)	11,049.5	926.8	(876.2)	11,100.1
Impairments	(28.0)		(0.2)			0.1	(28.1)			(28.1)
Total Loans, net (see note 12)	**10,811.0**	**45.9**	**164.5**				**11,021.4**	**926.8**	**(876.2)**	**11,072.0**
Interest bearing investments	47,003.9	1,592.5	9,872.6		767.0	0.1	59,236.1			59,236.1
Impairments	(0.1)		(20.3)				(20.4)			(20.4)
Total Interest bearing investments, net (see note 10)	**47,003.8**	**1,592.5**	**9,852.3**		**767.0**	**0.1**	**59,215.7**			**59,215.7**
Reinsurance and other receivables	1,016.8	1,496.9	360.3	0.4	35.3	(1,002.9)	1,906.8	7.0	(4.7)	1,909.1
Impairments	(8.9)	(2.4)	(37.8)				(49.1)			(49.1)
Total Reinsurance and other receivables, net (see note 14)	**1,007.9**	**1,494.5**	**322.5**	**0.4**	**35.3**	**(1,002.9)**	**1,857.7**	**7.0**	**(4.7)**	**1,860.0**
Total credit risk exposure, gross	59,843.5	3,240.9	10,719.6	4.7	1,001.3	(1,002.9)	73,807.1	3,074.6	(880.9)	76,000.8
Impairments	(37.0)	(2.4)	(58.3)			0.1	(97.6)			(97.6)
Total credit risk exposure, net on balance	**59,806.5**	**3,238.5**	**10,661.3**	**4.7**	**1,001.3**	**(1,002.8)**	**73,709.5**	**3,074.6**	**(880.9)**	**75,903.2**
Off Balance commitments (see note 28)	6,149.0		0.5			(0.1)	6,149.4			6,149.4
Total credit risk exposure, off balance	6,149.0		0.5			(0.1)	6,149.4			6,149.4
Total credit risk exposure, net	**65,955.5**	**3,238.5**	**10,661.8**	**4.7**	**1,001.3**	**(1,002.9)**	**79,858.9**	**3,074.6**	**(880.9)**	**82,052.6**

31 December 2018	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General	Group Eliminations	Total Ageas
Cash and cash equivalents (see note 9)	790.4	200.0	563.8	3.1	5.4		1,562.7	1,362.1		2,924.8
Derivatives held for trading (assets) (see note 10)	5.0		0.7			0.1	5.8	4.2		9.9
Loans	9,326.1	53.5	86.0				9,465.6	1,011.1	(660.2)	9,816.5
Impairments	(27.8)		(0.2)				(28.0)			(28.0)
Total Loans, net (see note 12)	**9,298.4**	**53.4**	**85.8**				**9,437.6**	**1,011.1**	**(660.2)**	**9,788.5**
Interest bearing investments	45,883.9	1,959.0	8,893.0		119.1	(0.1)	56,854.9			56,854.9
Impairments	(0.1)		(20.3)				(20.4)			(20.3)
Total Interest bearing investments, net (see note 10)	**45,883.8**	**1,959.0**	**8,872.7**		**119.1**	**(0.1)**	**56,834.5**			**56,834.6**
Reinsurance and other receivables	779.2	787.1	263.5	0.4	17.3	(29.4)	1,818.1	78.9	(4.9)	1,892.1
Impairments	(6.6)	(3.9)	(38.5)				(49.0)			(49.0)
Total Reinsurance and other receivables, net (see note 14)	**772.6**	**783.2**	**225.0**	**0.3**	**17.3**	**(29.4)**	**1,769.0**	**79.0**	**(4.9)**	**1,843.1**
Total credit risk exposure, gross	56,784.6	2,999.6	9,807.0	3.5	141.8	(29.4)	69,707.1	2,456.3	(665.1)	71,498.2
Impairments	(34.5)	(3.9)	(59.0)				(97.4)			(97.3)
Total credit risk exposure, net on balance	**56,750.1**	**2,995.7**	**9,748.0**	**3.5**	**141.8**	**(29.4)**	**69,609.7**	**2,456.3**	**(665.1)**	**71,400.9**
Off Balance commitments (see note 28)	4,703.2						4,703.2			4,703.2
Total credit risk exposure, off balance	4,703.2						4,703.2			4,703.2
Total credit risk exposure, net	**61,453.3**	**2,995.7**	**9,748.0**	**3.5**	**141.8**	**(29.4)**	**74,312.9**	**2,456.3**	**(665.1)**	**76,104.1**

The table below provides information on the impaired credit risk exposure as at 31 December.

	2019			2018		
	Impaired outstanding	Impairments for specific credit risk	Coverage ratio	Impaired outstanding	Impairments for specific credit risk	Coverage ratio
Interest bearing investments (see note 10)	6.4	(20.4)	318.7%	6.3	(20.3)	322.2%
Loans (see note 12)	61.4	(27.4)	44.6%	59.2	(27.2)	45.9%
Other receivables (see note 14)	26.8	(49.1)	183.2%	27.8	(49.0)	176.3%
Total impaired credit exposure	94.6	(96.9)	102.4%	93.3	(96.5)	103.4%

A. INVESTMENT DEFAULT RISK

The investment default risk represents the risk of actual default of Ageas's investments. Value movements due to market short-term volatility are covered under market risk. This does not include contracts covered under counterparty default risk (see section B).

This risk is managed through limits which take into account the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems.

Investment exposures are monitored through a quarterly Limit Breach Report. Limits are monitored on fair values based on asset classification. The limits are defined by the following categories.

Limits on government bonds are defined by country in multiple ways:

- 'macro limits', defined as percentages of gross domestic product (GDP), government debt and investment assets;
- Total One Obligor (TOO) limits defined as maximum exposure to one obligor based on credit ratings;
- (re-)investment restrictions: Increases in exposure to euro countries rated BBB are only allowed on the condition of having a stable outlook. No new investments in sovereign debt with a rating below BBB without the approval of the ARC.

Limits on corporate bonds are also defined on multiple criteria:

- Total corporate bonds exposure as a percentage of the portfolio;
- Limits in function of the solvency capital required for spread risk;
- Limits by sector based on the credit ratings;
- Monitoring of concentrated exposure;
- Total One Obligor.

Stress testing is also performed in order to assess the impact of single large counterparties defaulting.

Equity investments are allowed when the subsidiary assures that the indicators remain within the risk appetite limits.

The credit rating applied by Ageas is based on the second best of available ratings from Moody's, Fitch and Standard & Poor's. For specific exposure types, other rating agencies can be used, for example AM Best for reinsurance counterparties. In the paragraphs hereafter, more detail is provided on the credit quality of: loans; interest bearing investments; government bonds; corporate bonds; banks and other financials.

1 Loans

The table below provides information on the credit quality of loans.

	Carrying value 2019	Percentage 2019	Carrying value 2018	Percentage 2018
Investment grade				
AAA	1,388.9	12.5%	1,228.9	12.5%
AA	2,187.0	19.7%	2,297.2	23.4%
A	1,537.3	13.8%	1,634.3	16.6%
BBB	211.9	1.9%	187.1	1.9%
Investment grade	5,325.1	47.9%	5,347.5	54.4%
Below investment grade		0.0%	11.5	0.1%
Unrated	4,598.6	41.5%	3,279.5	33.4%
Residential mortgages	1,176.4	10.6%	1,178.0	12.0%
Total investments in loans, gross	11,100.1	100.0%	9,816.5	100.0%
Impairments	(28.1)		(28.0)	
Total investments in loans, net (see note 12)	11,072.0		9,788.5	

2 Interest bearing investments

The table below outlines the credit quality of interest bearing investments showing a constant proportion of investment grade investments as at 31 December.

	Carrying value 2019	Percentage 2019	Carrying value 2018	Percentage 2018
Investment grade				
AAA	4,763.0	8.0%	4,895.4	8.6%
AA	31,324.7	53.0%	30,955.5	54.6%
A	8,776.4	14.8%	7,979.4	14.0%
BBB	12,328.3	20.8%	11,163.6	19.6%
Investment grade	57,192.4	96.6%	54,993.9	96.8%
Below investment grade	316.7	0.5%	368.4	0.6%
Unrated	1,706.6	2.9%	1,472.3	2.6%
Total investments in interest bearing securities, net	59,215.7	100.0%	56,834.6	100.0%
Impairments	20.4		20.3	
Total investments in interest bearing securities, gross (see note 10)	59,236.1		56,854.9	

GOVERNMENT BONDS

The table below provides information on the credit quality of government bonds.

	31 December 2019	Percentage	31 December 2018	Percentage
By IFRS classification				
Available for sale	33,921.4	88.4%	32,408.0	87.8%
Held at fair value through profit or loss	0.9	0.0%	0.8	0.0%
Held to maturity	4,437.9	11.6%	4,505.5	12.2%
Total government bonds (see note 10)	38,360.2	100.0%	36,914.3	100.0%
By rating				
AAA	2,282.5	6.0%	2,310.5	6.3%
AA	28,227.1	73.6%	27,720.1	75.1%
A	3,416.1	8.9%	2,972.9	8.1%
BBB	4,392.3	11.4%	3,792.6	10.3%
Total investment grade	38,318.0	99.9%	36,796.1	99.7%
Below investment grade	30.7	0.1%	70.1	0.2%
Unrated	11.5	0.0%	48.1	0.1%
Total non-investment grade and unrated	42.2	0.1%	118.2	0.3%
Total government bonds	38,360.2	100.0%	36,914.3	100.0%

CORPORATE BONDS

The table below provides information on the credit quality of corporate bonds.

	31 December 2019	Percentage	31 December 2018	Percentage
By IFRS classification				
Available for sale	12,590.5	100.0%	11,539.8	100.0%
Total corporate bonds (see note 10)	12,590.5	100.0%	11,539.8	100.0%
By rating				
AAA	41.0	0.3%	40.0	0.3%
AA	1,008.1	8.0%	1,029.8	8.9%
A	3,553.2	28.2%	3,194.5	27.7%
BBB	6,751.2	53.7%	6,196.0	53.7%
Total investment grade	11,353.5	90.2%	10,460.3	90.6%
Below investment grade	267.5	2.1%	272.2	2.4%
Unrated	969.5	7.7%	807.3	7.0%
Total non-investment grade and unrated	1,237.0	9.8%	1,079.5	9.4%
Total corporate bonds	12,590.5	100.0%	11,539.8	100.0%

BANKS AND OTHER FINANCIALS

The table below provides information on the credit quality of banks and other financial institutions.

	31 December 2019	Percentage	31 December 2018	Percentage
By IFRS classification				
Available for sale	8,082.4	98.5%	8,136.4	97.7%
Held at fair value through profit or loss	119.4	1.5%	189.7	2.3%
Total banking and other financials (see note 10)	8,201.8	100.0%	8,326.1	100.0%
By rating				
AAA	2,431.2	29.6%	2,536.3	30.4%
AA	2,071.4	25.3%	2,181.1	26.2%
A	1,792.3	21.9%	1,795.0	21.6%
BBB	1,184.3	14.4%	1,174.5	14.1%
Total investment grade	7,479.2	91.2%	7,686.9	92.3%
Below investment grade	17.4	0.2%	24.9	0.3%
Unrated	705.2	8.6%	614.3	7.4%
Total non-investment grade and unrated	722.6	8.8%	639.2	7.7%
Total banks and other financials	8,201.8	100.0%	8,326.1	100.0%

B. COUNTERPARTY DEFAULT RISK

The counterparty default risk reflects possible losses due to unexpected default, or deterioration in the credit standing, of counterparties and debtors. The scope of the counterparty default risk category includes risk-mitigating contracts (such as reinsurance arrangements, securitisations and derivatives), cash, receivables from intermediaries, diversfied mortgage portfolios, and other credit exposure not elsewhere covered.

Counterparty default risk can arise due to the purchase of re-insurance, other risk mitigation and 'other assets'. Ageas minimises this risk through policies on counterparty selection, collateral requirements and diversification.

Within Ageas, this risk is mitigated through the application of Ageas's Default Risk Policy and close monitoring of outstanding counterparty default positions. Diversification and avoidance of low rated exposures are key elements in the mitigation of this risk.

Impairment for specific credit risk is established if there is objective evidence that Ageas will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. In the case of market traded securities, the recoverable amount is the fair value.

Impairments are based on Ageas's latest estimate of the recoverable amount and represent the loss that Ageas considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e. the period within which all expenses will exceed the recoverable amount) has been reached.

4.7.1.3 Liquidity risk

Liquidity risk is the risk of being unable to liquidate investments and other assets in order to settle financial obligations when they fall due. For example, this can occur when unexpected cash demands of policyholders, and other contract holders, cannot be met without suffering losses or without endangering the business franchise due to constraints on liquidating assets. These constraints may be structural or due to market disruption.

The financial commitments of Ageas and its local businesses are often long-term, and generally assets held to back these would be long-term and may not be liquid. Claims and other outflows can be unpredictable and may differ significantly from expected amounts. If liquid resources are not available to meet a financial commitment as it falls due, liquid funds will need to be borrowed and/or illiquid assets sold (which may trigger a significant loss in value) in order to meet the commitment. Losses would arise from any discount that would need to be offered to liquidate assets.

As an insurance group, Ageas is normally cash accretive and hence this risk is relatively remote. Recent years have been dominated by the effects of the (European) debt crises. The European Central Bank pursues a liquidity enhancing monetary policy to overcome these crises. Ageas keeps a cash position in order to be able to withstand (relatively) adverse liquidity conditions if and when arising. Special attention is paid to the messages from ECB on potential changes in monetary policy stance.

The investment horizon for general account assets has been set in function of the expected payment dates of the amounts provisioned for in the WCAM ('Wet Collectieve Afwikkeling Massaschade') settlement proposal. Dividend payments to shareholders together with holding costs are financed by dividend upstream from Ageas operating insurance entities.

Causes of liquidity risk in the operating companies can be split into elements that can create a sudden increase in the need for cash and elements that can reduce unexpectedly the availability of expected resources to cover cash needs. Types of liquidity risk are the following:

- *Underwriting liquidity risk* is the risk that Ageas or a local business needs to pay a material amount to cover unanticipated changes in customer behaviour (lapse risk), sudden rise in frequency claims or sudden large claims resulting from large or catastrophic events such as windstorms, ash clouds, flu pandemic, etc.;
- *Market liquidity risk* is the risk that the process of selling in itself results in losses due to market conditions or high concentrations;
- *Funding liquidity risk* is the risk that Ageas or a local business will not be able to obtain sufficient outside funding, in case its assets are illiquid, at the time it is needed (for example, to meet an unanticipated large claim).

Each business has to ensure they can meet all liquidity requirements by identifying and monitoring liquidity risk, so that the circumstances under which liquidity issues could be possible are known and understood (i.e. unexpected adverse change in liability run-off profile, mass lapse event, slowdown in new business, change in rating), as well as the business's ability to respond to such issues (i.e. liquidity of assets in a crisis) is clear.

4.7.1.4 Intangible assets risk

Intangible assets risk is the risk of loss or adverse change in the value of intangible assets due to a change in expected future benefits to be gained from the intangible assets. Intangible assets can consist among others of value of business acquired, parking concessions and intellectual property.

4.7.2 Insurance liability risks

Insurance liability risks refer to all insurance underwriting risks due to deviations in claims arising from uncertainty and timing of the claims as well as deviations in expenses and lapses, compared to underlying assumptions made at the point of underwriting of the policy.

Life risks include mortality risk, longevity risk, disability, morbidity risk (i.e. critical illness risk), lapse and persistency risk, expense risk, catastrophe risk and revision risk.

Non-life risks include reserve risk, premium risk and catastrophe risks. Reserve risk is related to outstanding claims, while premium risk is related to future claims from which catastrophe claims are excluded. Catastrophe risk is related to claims arising from catastrophic events, either natural disasters or man-made events.

Each business manages insurance risks through a combination of Underwriting Policy, Product Approval Policy, Reserving Policy, Claims Management Policy and Reinsurance Policy. Particular attention is paid to ensuring that the customer segment that buys the product is consistent with the underlying assumptions made about the customers when the product was designed and priced.

Underwriting policies are adopted at local level as part of the overall Enterprise Risk Management framework and are revised by actuarial staff, who examine the actual loss experience. A range of indicators and statistical analysis tools are employed to refine underwriting standards in order to improve loss experience and/or ensure pricing is adjusted appropriately.

Insurance companies aim to set premiums at a level that will ensure that premiums received plus the investment income earned on them exceed total claims, costs of handling those claims and the cost of managing the business. The appropriateness of pricing is tested using a range of techniques and key performance indicators appropriate to a particular portfolio, on both a priori basis (e.g. profit testing) and a posteriori basis (e.g. embedded value, combined ratios).

The factors taken into consideration when pricing insurance vary by product according to the cover and benefits offered. In general they include:

- expected claims by policyholders and related expected pay-outs and their timing;
- the level and nature of variability associated with the expected benefits. This includes analysis of claims statistics as well as consideration of the evolution of court rulings, the economic climate and demographic trends;
- other costs of producing the relevant product, such as distribution, marketing, policy administration, and claim administration costs;
- financial conditions, reflecting the time value of money;
- solvency capital requirements;
- target levels of profitability;
- insurance market conditions, notably competitor pricing of similar products.

In its exposures to the above-mentioned risks, Ageas benefits from diversification across geographical regions, product lines and even across the different insurance risk factors so that Ageas is not exposed to significant concentrations of insurance risks. Moreover, Ageas's insurance companies have built in specific mitigation measures in order to minimise their risk exposures. Examples are, lapse supported products via lapse penalties and/or market value adjustments mitigate the loss to the insurance company and reinsurance treaties leading to limited exposure to large losses.

4.7.2.1 Life underwriting risks

The Life underwriting risk reflects the risk arising from Life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Life underwriting risks are mainly composed of mortality/longevity, disability/morbidity, lapse and persistency, life expense, revision as well as catastrophe risks. This section will first describe these risks (sub-sections A to F). It will then provide an overview of their management within Ageas operating companies (sub-section G).

A. MORTALITY/LONGEVITY RISK

Mortality risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities. The mortality tables used in the pricing include prudential margins. As per industry practice, Ageas's operating companies use the population experience tables with adequate safety loadings. Yearly review of the assumptions is necessary to compare the expected mortality of the portfolio with the experience. This analysis takes a number of criteria into account such as age, policy year, sum assured and other underwriting criteria.

Longevity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities. This risk is managed through yearly revision of the mortality experience within the portfolio. Where longevity is found to be rising faster than assumed in the mortality tables, additional provisions are set up and pricing of new products is adjusted accordingly.

B. DISABILITY/MORBIDITY RISK

Disability/morbidity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates. This can, for example, arise in the disability business, health business and workmen's compensation. Ageas insurance companies mitigate disability risk through medical selection strategies and appropriate reinsurance cover.

C. LAPSE AND PERSISTENCY RISKS

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses and persistency, which include renewals, surrenders, premium reductions and other premium reducing factors. Note that persistency risk is another name sometimes used to describe the volatility in the policy premium lapses and reinstatements of lapsed policies, free look cancellations or surrenders.

When designing and pricing insurance policies, assumptions also need to be made relating to the costs of selling and then administering the policies until they lapse or mature and relating to the rate of persistency that will be experienced. The risks that in actual experience may be different from the potential impact are identified during the product development stage and can be mitigated by thorough product design. For example, the use of early redemption penalties/loyalty bonuses, initial charges or spreading the commission paid to distributors to align interests or a market value adjustment for certain group contracts where the risks are completely born by the policyholders in case of lapse.

D. LIFE-EXPENSE RISK

Life-expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts. Expense risk arises if the expenses anticipated when pricing a guarantee are insufficient to cover the actual costs accruing in the following year.

E. REVISION RISK

Revision risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

F. CATASTROPHE RISK

Life's catastrophe risk stems from extreme or irregular events that are life threatening, for example nuclear explosion, new infectious pandemic disease, terrorism, or natural disasters.

G. MANAGEMENT OF LIFE RISKS AT AGEAS INSURANCE COMPANIES

Life underwriting risks are monitored via internal quarterly risk reporting in order to better understand their exposure to certain events and their evolution. Most of the Life insurance operating companies are exposed to similar events, such as (mass) lapse events, expenses or mortality/longevity.

4.7.2.2 Non-life underwriting risks

Non-life underwriting risks are mainly composed of reserve, premium, catastrophe and lapse risks. This section will first describe these risks (sub-sections A to D). It will then provide an overview of their management within Ageas operating companies (sub-section E) and loss ratios (sub-section F), Non-life risk sensitivities (sub-section G) and loss reserve tables (sub-section H).

A. RESERVE RISK

Reserve risk is related to outstanding claims and represents the risk of adverse change in the value of insurance liabilities resulting from fluctuations in the timing and amount of claim settlements and claims expenses.

B. PREMIUM RISK

Non-life premium risk is the risk that the premium will not be sufficient to cover all liabilities including claims and expenses resulting from fluctuations in frequency, severity of claims, timing of claim settlements, or adverse changes in expenses.

Claims losses can differ from the expected outcome for a range of reasons. Analysis of claims will generally treat differently short and long-tail claims. Short-tail claims, such as motor damage and property damage claims, are generally reported within a few days or weeks and are settled soon afterwards. The resolution of long-tail claims, such as bodily injury or liability claims, can take years to complete. In the case of long-tail claims, information concerning the event, such as medical treatment required, may, due to its very nature, not be readily obtainable. Analysis of long-tail losses is also more difficult, requires more detailed work and is subject to greater uncertainties than analysis of short-tail losses.

Ageas's insurance companies take into account experience with similar cases and historical trends, such as reserving patterns, exposure growth, loss payments, pending levels of unpaid claims, as well as court decisions and economic conditions. In the event that experience is either deemed insufficient or lacking altogether due to the specific nature of the claim event[5], Ageas draws from reliable (external or other) sources and assessments while respecting its Risk position.

To mitigate the claims risk, Ageas's insurance companies adopt acceptance rules and underwriting policies. The pricing is defined by client segment and class of business based on knowledge or expectations of future movements in claims frequency and severity. Ageas's insurance companies also benefits from diversification effects by engaging in a wide range of Non-life insurance classes and geographies. This does not reduce average claims, although it does significantly reduce the variation in the total claims book and therefore the risk. The risk of unexpectedly large claims is contained by policy limits, concentration risk management and reinsurance.

5 E.g. ENID (Events not in data) events.

C. CATASTROPHE RISK

Catastrophe risk is related to claims generated by catastrophic events, natural disasters such as storms, floods, earthquakes, freezes, tsunamis or man-made events such as terrorist attacks, explosions or casualty claims with a lot of victims involved or with collateral impacts such as pollution or business interruption.

The mitigation of the catastrophe risk is done via concentration risk management and reinsurance.

D. LAPSE RISK

Lapse risk is related to future premiums included in the premium provision where an expected profit is foreseen. Lapse risk is the risk that more lapses will occur than the expected ones, generating less profit than foreseen.

E. MANAGEMENT OF NON-LIFE RISKS AT AGEAS INSURANCE COMPANIES

The management of Non-life risk at Ageas is in conformity with underwriting and risk taking management instructions and guidance issued at each Non-life entity of the Group. This includes, amongst other things, risk acceptance rules, claims guidance, reinsurance taking activity and management.

At Group level a number of reporting schemes related to the above are in place e.g. KPI reports and adequacy testing both on claims- and premium reserves.

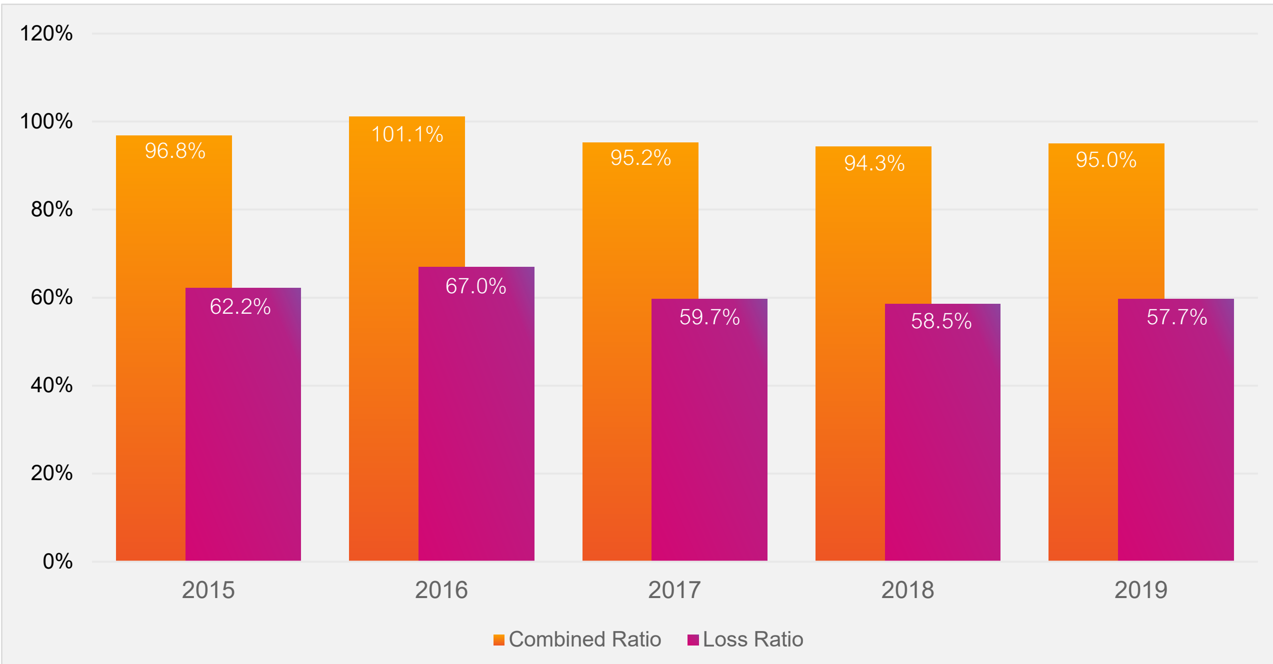
In addition, an internal model has been built in order to better manage the non-life underwriting risks of the entities and of the group, The model is used to find the optimal reinsurance programs to mitigate the non-life risks of the entities but also to avoid risk concentration across the Group. Weather-related claims is a typical example of concentration of risks for the group. Climate change has a particular focus in this context. For the modelling of natural events, external models are used. Ageas ensures a permanent follow-up of the implication of climate change on those models and a permanent discussion takes place with the providers of the models.

F. LOSS RATIOS

A loss ratio is the single measure used for assessing the appropriateness of the part of premium rates marketed to cover insurance claims. It is defined as the ratio of total claim cost (estimated) divided by premiums earned. Combined ratio is the sum of loss ratio and expense ratio (including commissions).

Generally speaking one may expect to experience a combined ratio below 100 percent with a target below 96%. For reasons of intrinsic variability of the claims process and/or premium inefficiency one might from time to time observe a combined ratio above 100 percent. The latter situation is tackled in the management of the Non-life risks (see point E. above).

The table below gives the history of the combined ratios and loss ratios over the last five years.



G. SENSITIVITIES ON TECHNICAL PROVISIONS

Non-life sensitivities shown in the table below assume the impact on the pre-taxation result considering a decrease in expenses, as included in the consolidated income statement, of 10%, and an increase in claims cost, as included in the consolidated income statement, of 5%.

Non-life Sensitivities	Impact on pre-taxation result at 31 December 2019	Impact on pre-taxation result at 31 December 2018
Expenses -10%	137.5	139.4
Claims costs 5%	(116.2)	(113.8)

H. LOSS RESERVE TABLES

The reserves for claims and claim expenses that appear in the statement of financial position are analysed by the actuaries and claims management departments by accident year. Payments and loss reserves are therefore represented in a two time-related dimension table: accident year (year of loss occurrence, in the columns) and calendar year (or development year, in the rows). This so-called run-off triangle shows how loss reserve develops over time due to payments made and new estimates of the ultimate loss at the respective date of the statement of financial position.

All claims concerned are resulting from insurance contracts as defined by IFRS, including all accident & health, property and casualty contracts whose reserves can be reported in a triangular format. All material figures quoted are undiscounted. Claim reserves that are held on a discounted basis with similar to life techniques (e.g. permanent disability or death annuities deriving from health or workers compensation or other contracts as Motor UK) are included in the reconciliation lines.

All amounts in the table are calculated at the applicable exchange rates at year-end 2019.

The loss reserve development table per accident year is as follows.

Accident Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Payments at:										
N	1,109.7	1,040.2	1,038.1	990.1	1,100.7	1,077.1	1,320.0	1,230.0	1,235.4	1,251.8
N + 1	603.9	512.8	489.9	499.7	508.4	518.6	518.4	516.8	530.9	
N + 2	122.0	134.1	119.4	114.4	130.0	133.9	121.5	117.2		
N + 3	87.4	71.2	89.4	74.8	81.7	101.7	89.6			
N + 4	55.9	50.3	66.4	59.1	61.4	50.6				
N + 5	46.4	27.8	50.3	30.6	50.5					
N + 6	25.9	18.0	21.4	17.7						
N + 7	14.3	9.9	15.9							
N + 8	8.7	10.3								
N + 9	9.3									
Cost of claims: (Cumulative Payments + Outstanding claims reserves)										
N	2,155.9	2,085.4	2,086.8	2,067.7	2,170.2	2,165.4	2,629.8	2,381.2	2,356.1	2,405.1
N + 1	2,145.7	2,011.5	2,052.2	2,012.8	2,153.3	2,148.7	2,624.4	2,346.4	2,394.9	
N + 2	2,150.5	2,000.0	2,056.8	1,954.7	2,154.8	2,203.0	2,512.7	2,317.7		
N + 3	2,149.5	1,973.2	2,032.4	1,938.4	2,169.4	2,135.4	2,401.6			
N + 4	2,147.7	1,947.5	2,055.2	1,971.2	2,130.6	2,085.3				
N + 5	2,148.2	1,971.4	2,059.1	1,957.7	2,087.6					
N + 6	2,170.0	1,976.5	2,040.9	1,929.5						
N + 7	2,168.0	1,967.4	2,027.6							
N + 8	2,170.0	1,955.0								
N + 9	2,150.3									
Ultimate loss, estimated at initial date	2,155.9	2,085.4	2,086.8	2,067.7	2,170.0	2,165.4	2,629.8	2,381.2	2,356.0	2,405.1
Ultimate loss, estimated at prior year	2,170.0	1,967.4	2,040.9	1,957.7	2,130.5	2,135.4	2,512.8	2,346.4	2,356.0	
Ultimate loss, estimated at current year	2,150.3	1,955.0	2,027.6	1,929.5	2,087.6	2,085.1	2,401.6	2,317.7	2,394.9	2,405.1
Surplus (deficiency) current year vs initial accident year	5.6	130.5	59.3	138.2	82.4	80.3	228.2	63.5	(38.9)	
Surplus (deficiency) current year vs prior year	19.7	12.5	13.3	28.2	42.9	50.2	111.2	28.7	(38.9)	

Outstanding claims reserves prior to 2010	442.8
Outstanding claims reserves from 2010 to 2019	3,373.1
Other claims liabilities (not included in table)	1,710.2
Claims with regard to workers' compensation and health care	1,506.6
Total claims reserves in the statement of financial position	7,032.7

Strengthening of provisions continued during 2019 by means of a continuous adjustment of expected claim pay-outs.

The loss reserve development table per accident year shows the development of the ultimate total loss (as payments made and outstanding claims reserves) for each individual accident year (as indicated in the column), for each development year (as indicated in the row) since the year of occurrence through to the reporting year 2019.

The triangle related to 'Payments' reports the amount of claim payments net of recoveries, gross of reinsurance.

The second triangle, 'Cost of claims', reports the sum of cumulative payments and outstanding claims reserve including IBN(E)R for each accident year. This is gross of reinsurance.

The Ultimate loss line items, estimated at the initial date of occurrence, at prior reporting year and at current reporting year, reflect the fact that the estimate fluctuates with the knowledge and information gained on the claims. The longer the period of development of the claims, the more accurate is the estimate of the ultimate loss.

The amount of total claims reserves in the statement of financial position is further disclosed in section 19.4 Liabilities arising from Non-life insurance contracts.

4.7.2.3 Health Risk

Health underwriting risk reflects the risk arising from the underwriting of health insurance obligations, whether it is pursued on a similar technical basis to that of life insurance or not, following from both the perils covered and the processes used in the conduct of business.

The components of health insurance risk are to split depending on the type of liabilities: if similar to life risk or modelled based on similar techniques as for life liabilities – please refer to section 4.7.2.1 Life underwriting risks. For liabilities similar to Non-life liabilities or modelled on a similar way, please refer to section 4.7.2.2 Non-life underwriting risks.

4.7.3 Operational risks

Operational risk is defined as the risk of losses arising from inadequate or failed internal processes, personnel, systems, or external events.

Ageas views operational risk as an 'umbrella' risk, encompassing seven sub-risks: Clients, products and business practices, Execution, delivery and process management, Business disruption and system failures, Employee practices and workplace safety, Internal fraud, External fraud and Damage to physical assets. In order to ensure adequate management of operational risks, Ageas has implemented Group-wide policies and processes, which covers topics, amongst others, that include:

- Business Continuity Management;
- Fraud Risk Management;
- Information Security;
- Data Management;
- Outsourcing;
- Treat Your Customer Fairly;
- Incident Management and Loss Data Collection;
- Internal Control Adequacy Assessment;
- Key Risk Identification and Reporting process.

Ageas's operational risk mitigating strategy is to minimise operational failures or disruption, whether caused by internal or external factors which may damage our reputation and/or incur financial losses via a strong and robust Internal Control System (ICS). Risk awareness training and education initiatives are part of Ageas entities' activities since they are vital to ensure that employees have an adequate understanding of their roles and responsibilities towards risk management.

Ageas applies the standard formula to calculate operational risk capital. Ageas has also implemented a scenario-based approach which uses expert judgement, internal and external data. The estimated frequency and severity are translated into the most likely potential loss and the worst case potential loss for each operational risk scenario. The scenario outputs are used to determine whether or not the operational risk capital based on standard formula is sufficient to cover our key operational risks.

Dedicated assessments on Data Protection and Information Security are also regularly performed.

4.7.4 Strategic & Business risks

This risk category covers external and internal factors that can impact Ageas's ability to meet its current business plan and objectives and also to position itself for achieving ongoing growth and value creation.

Strategic risk

Risks to the organisation arising from unclear understanding and translation of the strategy, inadequately determined levels of uncertainty (risk) associated to the strategy, and/or challenges faced during implementation stages. It includes:

- Business Model Risk:
  risk to the organisation arising from our business model (and that has an influence on the business decisions that we make).
- Partnership Risk:
  risk to the organisation arising from partnerships, dependence on partner-related distribution channels, limited operational control inherent for joint ventures, the offering of insurance services as part of a broader 'partnership eco-system' (e.g. coupling insurance products with service providers such as Amazon, utility players in the connected home space…).

Ageas Group has a strong strategic risk management framework to anticipate, report on, and mitigate these risks. The ORSA report provides an assessment on the overall adequacy of solvency for the 3 year budgeted period (Multi-Year Budget or MYB), which comprises strategic risks.

Change risk

Risks to the organisation arising from managing change (e.g. programmes and projects) or an inability to adapt sufficiently quickly to industry and market changes (e.g. regulations and products).

Environment and Industry risk

Risks arising from internal and/or external environmental factors, such as:

- Macro-economic arising from economic factors (e.g. inflation, deflation, unemployment, changing consumer confidence / behaviour…) that can impact the business. Interest rates / Inflation / deflation can also materialise through financial and/or insurance risks.
- Technology, IT infrastructure & Software due to our need and dependency on information technology, data…;
- Human Capital & Resource arising from inadequate / lack of people strategy, insufficient skills and competency profiles, and/or high attrition rates;
- Geopolitical that may impact our ability to maintain / develop business in different countries where we operate / intend to operate;
- Propensity / Changing client behaviours;
- Climate changes such as global warming, loss of sea ice, accelerated sea level rise, storms, hurricanes, water shortages, longer and more intense heatwaves, forest fires…which can impact populations. Climate related risks are increasingly on the agenda of regulators, supervisors, central banks, as well as increasing demand from employees, customers, investors, partners, and governments for organisations to take measures to combat / reduce / adapt according to climate change - Ageas actively monitors evolutions in this domain and prepares actions accordingly. It is generally expected that climate change will lead to increased claims in virtually all P&C businesses. In order to prepare for such very probable scenarios, Ageas entities have set-up working parties for investigating potential impacts of climate change on its business;
- Innovation from internal (own insurance services & products launched…) and external (e.g. blockchain, self-driving cars…) factors;
- Competition risks arising from changes within the competitor landscape or market position.

Systemic risk

The risk of disruption to financial services organisations that has the potential to have serious consequences for the financial system and/or the real economy. Systemic risk events can originate in, propagate through, or remain outside of Ageas.

Reinsurance

Where appropriate, Ageas's insurance companies enter into reinsurance contracts to limit their exposure to underwriting losses. This reinsurance may be on a policy-by-policy basis (per risk), or on a portfolio basis (per event). The latter events are mostly weather related (e.g. hurricanes, earthquakes and floods) or man-made, multiple claims triggered by a single event. Reinsurance companies are selected based primarily on pricing and counterparty default risk considerations. The management of counterparty default risk is integrated into the overall management of credit risk.

Ageas incorporated an internal reinsurer Intreas N.V. and obtained in June 2015 a licence in the Netherlands. In 2018, Ageas obtained a life and non-life licence for ageas SA/NV in Belgium. Business of Intreas N.V. was fully transferred to ageas SA/NV in the course of 2019 and Intreas N.V. was liquidated.

The rationale of obtaining a licence for ageas SA/NV is to optimise the Ageas Group reinsurance programme by harmonising risk profiles among controlled limits/entities and to improve capital fungibility.

The companies within the scope of internal reinsurance are:

- AG Insurance, Belgium;
- Ageas Insurance Limited, UK;
- Ageas Ocidental, Portugal;
- Ageas Seguros Non-Life, Portugal;
- Medis, Portugal;
- Specific NCPs (non-controlled participations), e.g. Thailand, Turkey and India.

In line with its Risk Appetite, ageas SA/NV mitigates part of its risk on the assumed business through the acquisition of group retrocession covers and/or covers protecting its own balance sheet. ageas SA/NV also underwrites proportional treaties, covering a share of the non-life business of the controlled participations.

Since the transfer of the business from Intreas to ageas SA/NV, the governance was adapted in order to respect and operate within the Ageas Risk Management Framework and to set up control on processes following Group standards.

The table below provides details of risk retention by product line (in nominal amounts) of Ageas.

2019	Probable Maximum Loss per risk	Probable Maximum Loss per event
Product		
Motor, Third Party liability	4,350,500	4,350,500
Motor Hull		122,882,500
Property	5,000,000	122,882,500
General Third Party Liability	3,700,750	6,700,750
Workmen's Compensation	3,000,000	3,000,000
Personal Accident	3,000,000	3,000,000

The table shows the highest amount per risk across all entities of the Group for similar covers for which Ageas Group assumes responsibility for mitigating emerging risks; any amount higher than those in the table will be transferred to third party reinsurers for cover. The measurement depends on the type of event covered by these reinsurance agreements: either per single risk or alternatively per event. Additionally, as the catastrophe covers for Motor Hull have been integrated into the regular reinsurance treaty, the retention mentioned is the maximum that Ageas Group is exposed to.

For retention per event, we take into account the maximum combined exposure of AIL, AGI and ageas SA/NV held in retention.

The table below provides details by product line of the proportion of premiums ceded to reinsurers in the year ended 31 December (amounts in millions).

2019	Gross written premiums	Ceded premiums	Net written premiums
Product			
Life	5,167.2	(38.1)	5,129.1
Accident & Health	979.9	(46.5)	933.4
Property & Casualty	3,238.6	(278.8)	2,959.8

2018	Gross written premiums	Ceded premiums	Net written premiums
Product			
Life	4,794.0	(36.6)	4,757.4
Accident & Health	904.5	(29.2)	875.3
Property & Casualty	3,162.9	(198.4)	2,964.5

The table confirms the significant increase in premium inflow for Life business. Reinsurance cession remain stable for Life but increases for P&C business and Accident & Health.

05

Regulatory supervision and solvency

ageas SA/NV is the ultimate parent of the Ageas Group. The National Bank of Belgium (NBB) had designated ageas SA/NV as an Insurance Holding. In June 2018, the NBB has granted ageas SA/NV a license to underwrite life and non-life reinsurance activities. The NBB is the group supervisory authority and in that capacity receives specific reports which form the basis of prudential supervision at group level. In its role as group supervisory authority the NBB facilitates group supervision via a college of supervisors. Supervisors in the EEA member countries where Ageas is active are represented in this college. The college, operating on the basis of European regulations, ensures that the collaboration, exchange of information and mutual consultation between the supervisory authorities takes place and furthermore promotes convergence of supervisory activities.

5.1 Requirements and available capital under Solvency II - Partial Internal Model (Pillar 1)

Since 1 January 2016, Ageas is supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model (PIM) for pillar 1 reporting, where the main part of the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

For fully consolidated entities, the consolidation scope for Solvency II is comparable to the IFRS consolidation scope. The European equity associates have been included pro rata, without any diversification benefits. All Non-European equity associates (including Turkey) have been excluded from own funds and required solvency, as the applicable solvency regimes are deemed non-equivalent with Solvency II.

In the Partial Internal Model (PIM), Ageas applies transitional measures relating to technical provisions in Portugal and France, the grandfathering of issued hybrid debt and the extension of reporting deadlines at Group level.

The reconciliation of the IFRS Equity to the Eligible Own Funds under Solvency II and the resulting solvency ratio according to the Partial Internal Model approach is as follows.

	31 December 2019	31 December 2018
IFRS Equity	13,480.7	11,519.6
Shareholders' equity	11,221.3	9,411.4
Non-controlling interest	2,259.4	2,108.2
Qualifying Subordinated Liabilities	3,116.7	2,285.0
Scope changes at IFRS value	(4,927.2)	(3,170.6)
Exclusion of expected dividend	(489.6)	(414.4)
Proportional consolidation	(342.8)	(315.3)
Derecognition of Equity Associates	(4,094.8)	(2,440.9)
Valuation differences - (unaudited)	(1,999.3)	(1,290.6)
Revaluation of Property Investments	1,885.1	1,807.0
Derecognition of parking concessions	(530.9)	(422.6)
Derecognition of goodwill	(614.4)	(602.1)
Revaluation of Insurance related balance sheet items - (unaudited) (Technical Provisions, Reinsurance Recoverables, VOBA and DAC)	(6,851.6)	(4,960.1)
Revaluation of assets which, under IFRS are not accounted for at fair value (Held to Maturity Bonds, Loans, Mortgages)	3,653.6	2,613.8
Tax impact on valuation differences	500.3	252.1
Other	(41.4)	21.3
Total Solvency II Own Funds - (unaudited)	9,670.9	9,343.4
Non Transferable Own Funds	(1,017.9)	(1,284.4)
Total Eligible Solvency II Own Funds - (unaudited)	8,653.0	8,059.0
Group Required Capital under Partial Internal Model (SCR) - (unaudited)	4,253.6	3,728.1
Capital Ratio	203.4%	216.2%

	31 December 2019	31 December 2018
Total Eligible Solvency II Own Funds, of which - (unaudited):	8,653.0	8,059.0
Tier 1	5,502.4	5,618.8
Tier 1 restricted	1,375.6	1,404.7
Tier 2	1,667.7	952.0
Tier 3	107.3	83.5

Own Funds increased from EUR 8,059 million at Q4 2018 to EUR 8,653 million at Q4 2019 explained by issue of 'Halley', payment of Indian Non-Life RSGI participation not included in SII, decreasing yield curve and Share Buy Back.

Non-transferable Own Funds relate to third party interests.

The composition of the capital solvency requirements can be summarised as follows:

	31 December 2019	31 December 2018
Market Risk	4,821.3	4,420.6
Counterparty Default Risk	358.0	351.3
Life Underwriting Risk	775.1	633.5
Health Underwriting Risk	320.8	347.8
Non-Life Underwriting Risk	809.5	718.4
Diversification between above mentioned risks	(1,535.1)	(1,395.0)
Non Diversifiable Risks	534.9	507.4
Loss-Absorption through Technical Provisions	(1,034.5)	(1,001.5)
Loss-Absorption through Deferred Taxes	(796.4)	(854.4)
Group Required Capital under Partial Internal Model (SCR) - (unaudited)	4,253.6	3,728.1
Impact of Non-Life Internal Model on Non-Life Underwriting Risk	(21.7)	364.2
Impact of Non-Life Internal Model on Diversification between risks	38.7	(198.4)
Impact of Non-Life Internal Model on Loss-Absorption through Deferred Taxes	24.3	7.1
Group Required Capital under the SII Standard Formula	4,294.9	3,901.0

5.2 Ageas capital management under Solvency II – SCR_{ageas} (Pillar 2 - unaudited)

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk, applying an Internal Model for Real Estate (as from 2016), the removal of transitional measures (with the exception of the grandfathering of issued hybrid debt and the extension of reporting deadlines) and an adjustment for the fair valuation of IAS19 reserves.

In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds. This introduces an SCR charge for EU and high rated government bonds and decreases the spread risk charge for all other bonds. Technical provisions are net present valued using an interest curve as prescribed by EIOPA, but instead of using the standard volatility adjustment, the companies apply a company specific volatility adjustment or use an expected loss model, based on the composition of their specific asset portfolio. This SCR is called the SCR_{ageas}.

The SCR_{ageas} can be reconciled to the SCR Partial Internal Model as follows:

	31 December 2019	31 December 2018
Group Partial Internal Model SCR	4,253.6	3,728.1
Exclude impact General Account	(70.5)	(78.4)
Insurance Partial Internal Model SCR	4,183.1	3,649.7
Impact of Real Estate Internal Model	(445.2)	(247.4)
Additional Spread Risk	281.9	143.2
Less Diversification	35.0	107.6
Less adjustment Technical Provision	(150.0)	(56.3)
Less Deferred Tax Loss Mitigation	1.9	54.9
Group SCR_{ageas}	3,906.7	3,651.7

	31 December 2019	31 December 2018
Group Eligible Solvency II Own Funds under Partial Internal Model	8,653.0	8,059.0
Exclusion of General Account	(719.9)	(556.4)
Revaluation of Technical Provision	(196.3)	(314.4)
Recognition of Parking Concessions	245.2	208.0
Recalculation of Non Transferable	(67.2)	(4.2)
Group Eligible Solvency II_{ageas} Own Funds	7,914.8	7,392.0

Group SCR_{ageas} increased from EUR 3,652 million at Q4 2018 to EUR 3,907 million at Q4 2019 mainly explained by increasing equity risk and non-life underwriting risk:

- Increasing equity risk in line with rebound of equity markets strengthened by higher SCR% due to higher Equity SA.
- Non-Life Underwriting risk increases mainly explained by the reinsurance contracts:
  - Unwind 22% stop loss program UK managed externally now reinsured internally increasing group non-life risk;
  - Additional increase in SCR at Ageas Re through newly acquired traditional business in India.

This increase is partly mitigated by more Loss Absorbing Capacity of Technical Provisions.

	31 December 2019			31 December 2018		
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	6,261.7	2,837.1	220.7%	6,446.4	2,747.3	234.6%
UK	851.6	475.1	179.2%	820.1	490.3	167.3%
Continental Europe	1,072.4	631.9	169.7%	1,036.3	581.3	178.3%
Reinsurance	708.0	410.3	172.6%	111.0	56.7	195.7%
Total Insurance	7,914.8	3,906.7	202.6%	7,392.0	3,651.7	202.2%
General Account including elimination and diversification	719.3	66.4	0.0%	606.2	76.1	
Non-transferable own funds / Diversification	(978.9)	(447.7)	0.0%	(1,021.8)	(223.9)	
Total Ageas	8,634.1	3,973.1	217.3%	7,998.2	3,727.8	214.6%

The Target capital ratio is set at 175% based on SCR_{ageas}.

06

Remuneration and benefits

6.1 Employee benefits

This note covers post-employment benefits, other long-term employee benefits and termination benefits. Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the end of employment. Other long-term employee benefits are employee benefits that are not (fully) due within twelve months of the period in which the employees rendered the related service, including long-service awards and long-term disability benefits. Termination benefits are employee benefits payable as a result of the premature end of the employee's employment contract.

The table below shows an overview of all the employee benefits' liabilities (assets) at Ageas.

	2019	2018
Post-employment benefits - defined benefit plans - pensions	741.6	644.1
Other post-employment benefits	139.9	132.2
Other long-term employee benefits	17.0	16.1
Termination benefits	4.5	5.1
Total net defined benefits liabilities (assets)	903.0	797.5

Liabilities and related service cost are calculated according to the Projected Unit Credit Method. The objective of this method is to expense each participant's benefits as they would accrue taking into account future compensation increases and the plan's benefit allocation principles.

The defined benefit obligation is the net present value of the participant's attributed benefits measured at the reporting date. The current service cost is the net present value of the participant's benefits attributed to service during the year.

The pension cost includes net interest expense, calculated by applying the discount rate to the net pension liability. The discount rate is a high-quality corporate bond rate where there is an active market in such bonds, and a government bond rate in other markets.

Some assets might be restricted to their recoverable amount in the form of a reduction in future contributions or a cash refund (asset ceiling). Additionally, there might be recognition of a liability from a minimum funding requirement.

The recognition of actuarial gains and losses for post-employment benefits occurs in other comprehensive income, whereas those for other long-term employee benefits and termination benefits occur in the income statement.

6.1.1 Post-employment benefits

Defined benefit pension plans and other post-employment benefits

Ageas operates defined benefit pension plans covering the majority of its employees. Ageas's preferred approach is to replace defined benefit plans by defined contribution plans in order to better monitor and control the employer costs and to facilitate cross-country mobility. However, respecting earlier commitments, Ageas still does operate defined benefit pension plans covering a large proportion of its employees.

Under defined benefit pension plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality tables, employee turnover, wage drift and economic assumptions such as inflation and discount rate. Discount rates are set per country or region on the basis of the yield (at closing date) of corporate AA bonds. These defined benefit plans expose the Group to actuarial risks, such as longevity, currency, interest rate and market risk.

In addition to pensions, post-employment benefits may also include other expenses such as reimbursement of part of health insurance premiums, which continue to be granted to employees after retirement.

Defined contribution plans

Ageas operates a number of defined contribution plans worldwide. The employer's commitment to a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan's regulations. Employer contributions to defined contribution plans amounted to EUR 11.4 million in 2019 (2018: EUR 11.7 million) and are included in staff expenses (see note 40).

In Belgium, Ageas has defined contribution plans in accordance with the Law of 28 April 2003 regarding occupational pensions (WAP/LPC plans). These plans commit the employer to the payment of contributions as the plan's terms provide, and to guarantee a minimum return linked to Belgian government bonds yields, subject to a floor of 1.75% and a cap of 3.75%.

The law of 18 December 2015 to ensure the sustainability and social nature of occupational pensions, and to ensure the strengthening of the additional character relative to the retirement pensions, modifies the commitment of the employer to these plans. As of 1 January 2016, the interest rate guaranteed by the employer is equal to a percentage (equal to 65%) of the average return on the Belgian linear bonds with a term of 10 years over the 24 months preceding to 1 June. This rate will take effect on 1 January of the following year. This calculation results in a guaranteed interest rate of 1.75% on 1 January 2019 (1.75% on 1 January 2018).

Because of these minimum return guarantees, WAP/LPC plans do not meet, in a strict sense, the definition of defined contribution plans of IAS 19. Although, IAS 19 does not address the accounting for hybrid plans, the law change as at 1 January 2016 facilitated accounting for those plans applying the Projected Unit Credit Method. Accordingly, Ageas has estimated the defined obligation liabilities as of 1 January 2016 under IAS 19.

The following table provides details of the amounts shown in the statement of financial position as at 31 December, regarding defined benefit pension obligations and other post-employment benefits.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Present value of funded obligations	286.1	289.1		
Present value of unfunded obligations	784.5	642.6	139.9	132.2
Defined benefit obligation	**1,070.6**	**931.7**	**139.9**	**132.2**
Fair value of plan assets	(342.9)	(306.1)		
	727.7	625.6	139.9	132.2
Asset ceiling / minimum funding requirement	12.0	16.8		
Other amounts recognised in the statement of financial position	1.9	1.7		
Net defined benefit liabilities (assets)	**741.6**	**644.1**	**139.9**	**132.2**
Amounts in the statement of financial position:				
Defined benefit liabilities	792.0	666.6	139.9	132.2
Defined benefit assets	(50.4)	(22.6)		
Net defined benefit liabilities (assets)	**741.6**	**644.1**	**139.9**	**132.2**

Defined benefit liabilities are classified under accrued interest and other liabilities (see note 24) and defined benefit assets are classified under accrued interest and other assets (see note 15).

As Ageas is a financial institution specialising in the management of employee benefits, some of its employees' pension plans are insured by Ageas insurance companies. Under IFRS, the assets backing these pension plans are non-qualifying and consequently may not be considered plan assets. For this reason, these plans are classified as 'unfunded'.

From an economic point of view, the net defined liability is offset by the non-qualifying plan assets that are held within Ageas (2019: EUR 538.1 million; 2018: EUR 485.3 million), resulting in a net liability of EUR 203.5 million in 2019 (2018: EUR 158.8 million) for defined benefit pension obligations.

The following table reflects the changes in net defined benefit liabilities (assets) as recognised in the statement of financial position.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Net defined benefit liabilities (assets) as at 1 January	644.1	678.6	132.2	130.0
Total defined benefit expense	53.2	49.4	5.4	4.7
Employer's contributions	(17.5)	(5.0)		
Participants' contributions paid to the employer	2.0	1.9		
Benefits directly paid by the employer	(39.8)	(34.7)	(2.8)	(2.7)
Acquisitions and disposals of subsidiaries		0.7		
Transfer	(0.2)	(2.5)		
Foreign exchange differences	(1.2)	(0.1)		
Other	21.1	0.3		
Remeasurement	79.9	(44.5)	5.1	0.2
Net defined benefit liabilities (assets) as at 31 December	741.6	644.1	139.9	132.2

The table below shows the changes in the defined benefit obligation.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Defined benefit obligation as at 1 January	931.7	996.8	132.2	130.0
Current service cost	43.1	50.6	3.1	3.3
Interest cost	14.8	13.3	2.3	2.1
Past service cost - vested and non-vested benefits	2.8	0.9		(0.5)
Curtailments	0.9	(9.2)		(0.2)
Settlements	(23.0)			
Remeasurement	129.7	(52.7)	5.1	0.2
Participants' contributions	0.2	0.4		
Participants' contributions paid to the employer	2.0	1.9		
Benefits paid	(13.4)	(19.3)		
Benefits directly paid by the employer	(39.8)	(34.7)	(2.8)	(2.7)
Acquisitions and disposals of subsidiaries		3.0		
Transfer	12.0	(15.2)		
Foreign exchange differences	9.4	(1.8)		
Other	0.2	(2.3)		
Defined benefit obligation as at 31 December	1,070.6	931.7	139.9	132.2

The following table shows the changes in the fair value of plan assets.

Defined benefit pension plans	2019	2018
Fair value of plan assets as at 1 January	306.1	334.9
Settlements	(22.0)	
Interest income	7.6	6.7
Remeasurement (return on plan assets, excluding effect of interest rate)	44.8	(10.4)
Employer's contributions	16.9	5.0
Participants' contributions	0.2	0.4
Benefits paid	(12.8)	(19.3)
Acquisitions and disposals of subsidiaries		4.4
Transfer	12.2	(12.7)
Foreign exchange differences	10.6	(1.7)
Other	(20.7)	(1.2)
Fair value of plan assets as at 31 December	342.9	306.1

The following table shows the changes in the asset ceiling and/or minimum funding requirement.

	2019	2018
Asset ceiling / minimum funding requirement as at 1 January	16.8	16.7
Interest cost	0.2	0.2
Remeasurement	(5.0)	(2.2)
Acquisitions and disposals of subsidiaries		2.1
Asset ceiling / minimum funding requirement as at 31 December	12.0	16.8

The asset ceiling relates to Ageas entities in Portugal.

The following table shows the components affecting the income statement that relate to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Current service cost	43.1	50.6	3.1	3.3
Net interest cost	7.4	6.8	2.3	2.1
Past service cost - vested and non-vested benefits	2.8	0.9		(0.5)
Curtailments	0.9	(9.2)		(0.2)
Settlements	(1.0)			
Other		0.3		
Total defined benefit expense	53.2	49.4	5.4	4.7

Net interest cost and other are included in financing costs (see note 37). All other items are included in staff expenses (see note 40).

The following table shows the composition of remeasurements for the year ended 31 December.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Return on plan assets, excluding effect of interest rate	(44.8)	10.4		
Remeasurement on asset ceiling / minimum funding requirement	(5.0)	(2.2)		
Actuarial (gains) losses with regard to:				
change in demographic assumptions	13.0	(19.0)	5.3	
change in financial assumptions	108.2	(38.0)	10.6	(2.9)
experience adjustments	8.5	4.3	(10.8)	3.1
Remeasurement on net defined liability (asset)	79.9	(44.5)	5.1	0.2

Remeasurement of the net defined benefit liability is recognised in other comprehensive income. Remeasurements of plan assets are mainly the difference between actual return on plan assets and expected discount rate. Remeasurements of defined benefit obligations reflect the change in actuarial assumptions (i.e. demographic and financial assumptions) and the experience adjustment.

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table reflects the weighted average duration of the defined benefit obligation in years.

2019	Defined benefit pension plans	Other post-employment benefits
Weighted average duration of defined benefit obligation	15.7	23.0

The following table shows the principal actuarial assumptions made for the eurozone countries.

	Defined benefit pension plans				Other post-employment benefits			
		2019		2018		2019		2018
	Low	High	Low	High	Low	High	Low	High
Discount rate	0.3%	1.1%	0.7%	1.7%	0.9%	1.0%	1.8%	1.8%
Future salary increases (price inflation included)	1.5%	4.8%	0.5%	4.8%				
Future pension increases (price inflation included)	1.5%	1.8%	1.5%	1.8%				
Medical cost trend rates					3.8%	3.8%	3.8%	3.8%

The discount rate for pensions is weighted by the net defined benefit liability (asset) on pensions. The largest pension schemes are in Belgium, with discount rates varying from 0.32% to 1.05%. The future salary increases varied in 2019 from 1.50 % for the older employee group to 4.75% for the younger ones.

The following table shows the principal actuarial assumptions made for other countries.

Defined benefit pension plans	2019	2018
Discount rate	2.0%	2.9%
Future salary increases (price inflation included)	3.3%	3.6%
Future pension increases (price inflation included)	0.0%	0.0%

The eurozone represents 79% of Ageas's total defined benefit obligations. Other countries include only obligations in the United Kingdom. Post-employment benefits in countries outside the euro-zone and the United Kingdom are not regarded as significant.

A one percent change in the actuarial assumptions would have the following effect on the defined benefit obligation for defined benefit pension plans and other post-employment benefits.

	Defined benefit pension plans		Other post-employment benefits	
	2019	2018	2019	2018
Defined benefit obligation	1,070.6	931.7	139.9	132.2
Effect of changes in assumed discount rate:				
One-percent increase	(12.9%)	(11.9%)	(19.9%)	(17.3%)
One-percent decrease	16.2%	14.8%	26.0%	23.5%
Effect of changes in assumed future salary increase:				
One-percent increase	12.0%	12.0%		
One-percent decrease	(9.9%)	(9.8%)		
Effect of changes in assumed pension increase:				
One-percent increase	9.1%	8.0%		
One-percent decrease	(7.9%)	(7.1%)		

A one percent change in assumed medical cost trend rates would have the following effect on the defined benefit obligation for medical costs.

		Medical Care
	2019	2018
Defined benefit obligation	139.9	132.1
Effect of changes in assumed medical costs and trend rates:		
One-percent increase	23.4%	23.9%
One-percent decrease	(17.6%)	(18.0%)

The asset mix of the plan assets for pension obligations is as follows.

	31 December 2019	%	31 December 2018	%
Equity securities	65.4	19.1%	53.2	17.4%
Debt securities	143.9	42.0%	133.3	43.5%
Insurance contracts	27.5	8.0%	31.1	10.2%
Real estate	45.3	13.2%	43.9	14.3%
Cash	5.2	1.5%	5.8	1.9%
Other	55.6	16.2%	38.8	12.7%
Total	342.9	100.0%	306.1	100.0%

The plan assets comprise predominantly fixed income securities, followed by equity securities, real estate (funds) and investment contracts with insurance companies. Ageas's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided. The amount in 'Other' relates to two diversified funds in the United Kingdom.

The mix of the unqualified assets for pension obligations is as follows.

	31 December 2019	%	31 December 2018	%
Equity securities	28.3	5.2%	23.8	4.9%
Debt securities	444.4	80.8%	388.0	79.9%
Insurance contracts	11.4	2.1%	9.2	1.9%
Real estate	57.8	10.5%	57.2	11.8%
Convertible bonds	6.7	1.2%	3.4	0.7%
Cash	0.9	0.2%	3.8	0.8%
Total	549.5	100.0%	485.4	100.0%

Ageas gradually adjusts its asset allocation policy to ensure a close match between the duration of assets and that of pension liabilities.

The employer's contributions expected to be paid into post-employment benefit plans for the year ending 31 December 2019 are as follows.

	Defined benefit pension plans
Expected contribution next year to plan assets	1.5
Expected contribution next year to unqualified plan assets	35.9

6.1.2 Other long-term employee benefits

Other long-term employee benefits include long-service awards. The table below shows net liabilities. The liabilities related to other long-term employee benefits are included in the statement of financial position under accrued interest and other liabilities (see note 24).

	2019	2018
Defined benefit obligation	17.0	16.1
Net defined benefit liabilities (assets)	17.0	16.1

The following table shows the changes in liabilities for other long-term employee benefits during the year.

	2019	2018
Net liability as at 1 January	16.1	16.2
Total expense	1.8	0.6
Benefits directly paid by the employer	(0.9)	(0.7)
Net liability as at 31 December	17.0	16.1

The table below provides the range of actuarial assumptions applied when calculating the liabilities for other long-term employee benefits.

		2019		2018
	Low	High	Low	High
Discount rate	0.32%	0.57%	0.89%	1.20%
Future salary increases	2.05%	4.15%	2.31%	4.10%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in financing costs (see note 37), all other expenses are included in staff expenses (see note 40).

	2019	2018
Current service cost	0.9	1.1
Interest cost	0.2	0.1
Net actuarial losses (gains) recognised immediately	0.7	(0.6)
Total expense	1.8	0.6

6.1.3 Termination benefits

Termination benefits are employee benefits payable as a result of either an enterprise's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The table below shows liabilities related to termination benefits included in the statement of financial position under accrued interest and other liabilities (see note 24).

	2019	2018
Defined benefit obligation	4.5	5.1
Net defined benefit liabilities (assets)	4.5	5.1

The following table shows the changes in liabilities for termination benefits during the year.

	2019	2018
Net liability as at 1 January	5.1	7.8
Total expense	2.4	1.9
Benefits directly paid by the employer	(3.0)	(4.6)
Net liability as at 31 December	4.5	5.1

Expenses related to termination benefits are shown below. Interest cost is included in financing costs (see note 37). All other expenses are included in staff expenses (see note 40).

	2019	2018
Current service cost	2.3	2.4
Net actuarial losses (gains) recognised immediately	0.1	(0.5)
Total expense	2.4	1.9

6.2 Employee share and share-linked incentive plans

Ageas's remuneration package for its employees and Executive Committee Members may include share-related instruments.

These benefits can take the form of:

- Restricted shares;
- Share-linked incentives.

6.2.1 Restricted shares

The members of the Executive and Management Committee benefit from a Long-term incentive plan (LTI). This plan consists of the granting of performance shares which vest after a period of 3.5 years. The number of shares to be granted under this plan is based on the "Ageas Business Score" which is the result of the achievement on the corporate KPI's. The vesting after 3.5 years is subject to a relative total shareholder return (TSR) performance measurement as compared to a peer group. After vesting, the shares will have to be held for an additional 1.5 years (5 years in total as of date of grant). After this blocking period, the beneficiaries may sell the vested shares under certain conditions in line with the Remuneration Policy. You find more details on the plan in the Report of the Remuneration committee section 4.7.7.

For 2015 a total of 82,775 performance shares were committed to be granted. For 2016 no plan was granted, for 2017 a total of 71,870 performance shares were committed to be granted and for 2018 a total of 35,612 performance shares were committed to be granted. The plan 2015 vested on 30 June 2019. Taking into account the relative TSR – performance measurement 71,733 performance shares vested and 11,042 were cancelled.

For performance year 2019 a total of 51,393 performance shares are committed to be granted to the Executive and Management Committee Members.

The table below shows the changes in commitments of restricted shares during the year for ExCo and Mco Members.

(number of shares in '000)	2020	2019
Number of restricted shares committed to be granted as at 1 March	**159**	190
Restricted shares (cancelled)		11
Restricted shares vested		72
Number of restricted shares committed to be granted as at 31 December	**159**	107

6.2.2 Share-linked incentives

In 2017, 2018 and 2019 Ageas launched a share-linked incentive plan for its senior management. Dependent on the relative performance of the Ageas share in relation to a peer group over a period of the three years following the launch of each of the plans and the condition of continued employment, the senior managers will be awarded a cash payment equal to a value:

- between 0 and the value of 141,840 Ageas shares on 1 April 2020 (plan 2017);
- between 0 and the value of 129,580 Ageas shares on 1 April 2021 (plan 2018);
- between 0 and the value of 125,160 Ageas shares on 1 April 2022 (plan 2019).

The liability of these cash-settled transactions is determined at fair value at each reporting date.

6.3 Remuneration of the Board of Directors and Executive Committee Members

6.3.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2019

The Board of Directors currently consists of fifteen members: Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl, Jan Zegering Hadders, Katleen Vandeweyer, Jane Murphy, Richard Jackson, Lucrezia Reichlin, Yvonne Lang Ketterer and Sonali Chandmal as Non-Executive Directors and, Bart De Smet (CEO), Christophe Boizard (CFO), Filip Coremans (CDO), Antonio Cano (COO) and Emmanuel Van Grimbergen (CRO) as Executive Directors.

Emmanuel Van Grimbergen was appointed as new Executive Board Member at the General Shareholders meeting in May 2019.

Regarding Board membership of Non-Executive Board Members at Ageas subsidiaries, Guy de Selliers de Moranville is Chairman of the Board of Directors of AG Insurance SA/NV and Jan Zegering Hadders is a member of this Board. Lionel Perl and Jozef De Mey are members of the Board of Directors of Ageas UK Ltd. Jozef De Mey is also Chairman of the Board of Credimo N.V. (BE) and member of the Board of Credimo Holding N.V. (BE). He is Vice-Chairman of the Board of Muang Thai Group Holding Company Ltd. (Thailand) and of Muang Thai Life Assurance Public Company Ltd. (Thailand).

Jane Murphy is member of the Board of Directors of Ageas France S.A and Richard Jackson is member of the Board of Directors of Ageas Portugal Holdings SGSP (PT), of Médis (Companhia Portuguesa de Seguros de Saude S.A.) and Ocidental (Companhia Portuguesa de Seguros S.A.).

To the extent that these positions are remunerated, the amounts paid out are disclosed in the tables below.

Remuneration of the Board of Directors

Total remuneration of Non-Executive Board Members amounted to EUR 1.56 million in the 2019 financial year (2018: EUR 1.37 million). This remuneration includes the basic remuneration for Board Membership and the attendance fees for Board Meetings and Board Committee meetings both at the level of Ageas and at its subsidiaries.

The remuneration received by Board of Directors Members in 2019 is mentioned in the table below. The number of Ageas shares held by Board Members at 31 December 2019 is reported in the same table.

Incumbent Name 1)	Function 2)	Fixed fees 2019	Attendance fees 2019	Total 4)	Ageas Shares at 31/12/2019 5)
Jozef De Mey	Chairman	120,000	48,000	168,000	20,000
Guy de Selliers de Moranville	Vice-chairman	60,000	42,500	102,500	264,333 6)
Jan Zegering Hadders	Non-executive Board member	60,000	41,000	101,000	-
Lionel Perl	Non-executive Board member	60,000	43,500	103,500	-
Richard Jackson	Non-executive Board member	60,000	42,500	102,500	-
Jane Murphy	Non-executive Board member	60,000	33,500	93,500	-
Lucrezia Reichlin	Non-executive Board member	60,000	29,500	89,500	-
Yvonne Lang Ketterer	Non-executive Board member	60,000	42,500	102,500	-
Sonali Chandmal	Non-executive Board member	60,000	29,500	89,500	-
Katleen Vandeweyer	Non-executive Board member	60,000	33,500	93,500	-
Bart De Smet	Chief Executive Officer (CEO) 3)	-	-	see infra	29,957
Christophe Boizard	Chief Financial Officer (CFO) 3)	-	-	see infra	21,589
Filip Coremans	Chief Development Officer (CDO) 3)	-	-	see infra	8,542
Antonio Cano	Chief Operating Officer (COO) 3)	-	-	see infra	11,117
Emmanuel Van Grimbergen	Chief Risk Officer (CRO) 3)	-	-	see infra	6,293
Total		660,000	386,000	1,046,000	361,831

1) *Board Members were in function from 01-01-2019 till 31-12-2019 with the exception of E. Van Grimbergen who was nominated as of May 2019.*
2) *Board Members also receive an attendance fee for committee meetings they attend as invitee.*
3) *The Executive Board members are not remunerated as Board Members, but as Executive Committee members (see note 6.3.2 for details of their remuneration).*
4) *Excluding reimbursement of expenses.*
5) *Not including the shares committed to be granted as LTI.*
6) *Shares held indirectly via trusts.*

The remuneration received by Board of Directors Members in 2019 for their mandates in subsidiaries of Ageas is mentioned in the table below.

Incumbent Name (1)	Function	Fixed fees 2019	Attendance fees 2019	Total (2)
Jozef De Mey	Chairman	103,296	64,605	167,901
Guy de Selliers de Moranville	Vice-chairman	60,000	28,500	88,500
Jan Zegering Hadders	Non-executive Board member	45,000	27,000	72,000
Lionel Perl	Non-executive Board member	45,000	14,500	59,500
Richard Jackson	Non-executive Board member	45,000	14,000	59,000
Jane Murphy	Non-executive Board member	45,000	20,000	65,000
Lucrezia Reichlin	Non-executive Board member	-	-	-
Yvonne Lang Ketterer	Non-executive Board member	-	-	-
Sonali Chandmal	Non-executive Board member	-	-	-
Katleen Vandeweyer	Non-executive Board member	-	-	-
Bart De Smet	Chief Executive Officer (CEO)	-	-	-
Christophe Boizard	Chief Financial Officer (CFO)	-	-	-
Filip Coremans	Chief Development Officer (CDO)	-	-	-
Antonio Cano	Chief Operating Officer (COO)	-	-	-
Emmanuel Van Grimbergen	Chief Risk Officer (CRO)	-	-	-
Total		343,296	168,605	511,901

1) *The Executive Board members are not remunerated as Board Members, but as Executive Committee members (see note 6.3.2 for details of their remuneration).*
2) *Excluding reimbursement of expenses.*

6.3.2 Remuneration of the Executive Committee Members.

6.3.2.1 Changes in the Executive Committee in 2019

At 31 December 2019, the Executive Committee of Ageas was composed of Bart De Smet (CEO), Christophe Boizard (CFO), Filip Coremans (CDO), Antonio Cano (COO) and Emmanuel Van Grimbergen (CRO) who was nominated at the General meeting of Shareholders on 15 May 2019. All members of the Executive Committee are Executive members of the Board of Directors.

6.3.2.2 Total Remuneration 2019 of the Executive Committee

In 2019, the total remuneration including pension contributions and fringe benefits of the Executive Committee amounted to EUR 6,782,299 compared to EUR 5,104,954 in 2018. This comprised:

- a fixed remuneration of EUR 2,745,688 (compared to EUR 2,308,886 in 2018) consisting of a base compensation of EUR 2,388,333 and other benefits (health, death, disability cover and company car) of EUR 357,355;
- a variable remuneration of EUR 3,149,616 (compared to EUR 1,947,375 in 2018) consisting of a one year variable remuneration (STI) of EUR 1,537,491 payable in cash over a period of 3 years and a multi-year variable (LTI) in the form of shares of EUR 1,612,125;
- pension expenses of EUR 886,995 (excluding taxes) (compared to EUR 848,694 (excluding taxes) in 2018);
- no termination compensation was paid in 2019.

Below table gives an overview of all pay elements for members of the Executive Committee.

	1 - Fixed Remuneration			2 - Variable Remuneration		3 - Extraordinary Items	4 - Pension Expense	5 - Total Remuneration	Proportion of	
Incumbent Name	Base Compensation	Fees	Other Benefits	One-Year Variable	Multi-year Variable (3)				Fixed (1+4)/5	Variable (2+3)/5
B. De Smet	700,000	-	95,296	466,550	472,500	-	273,980	2,008,326	53%	47%
C. Boizard	485,000	-	93,316	307,248	327,375	-	183,741	1,396,680	55%	45%
E. Van Grimbergen1)	233,333	-	30,362	140,467	157,500	-	58,331	619,993	52%	48%
A. Cano	485,000	-	72,709	311,613	327,375	-	184,459	1,381,156	54%	46%
F. Coremans 2)	485,000	-	65,672	311,613	327,375	-	186,484	1,376,144	54%	46%
Total	2,388,333	-	357,355	1,537,491	1,612,125	-	886,995	6,782,299		

1) *Figures for Emmanuel Van Grimbergen relate only to his role as Member of the Executive committee, i.e. as of his appointment as CRO as of June 1, 2019.*
2) *Some of the remuneration elements relate to the previous role as CRO. Filip Coremans was appointed CDO as of June 1, 2019.*
3) *Market value of multi-year variable at granting. The vesting after 3.5 years is subject to a relative TSR performance measurement as compared to a peer group.*

A. FIXED REMUNERATION

Fixed remuneration consists of base compensation, fees and other benefits such as health, death, disability cover and company car.

Base Compensation

The table below shows the 2019 base compensation levels of the Executive Committee and how they compare to 2018.

Incumbent Name	2019	2018	%
Bart De Smet (CEO)	700,000	650,000	108%
Christophe Boizard (CFO)	485,000	450,000	108%
Emmanuel Van Grimbergen (CRO) 1)	233,333	*Not applicable, occupied position of Group Risk Officer in 2018*	
Antonio Cano (COO)	485,000	450,000	108%
Filip Coremans (CDO)	485,000	450,000	108%
Total 2)	2,388,333	2,000,000	119%

1) *For Emmanuel Van Grimbergen pro- rata as of nomination as CRO on June 1st 2019.*
2) *With similar scope percentage of increase is 108%.*

Fees

The Members of the Executive Committee did not receive any fees for their participation in the meetings of the Board of Directors.

Other Benefits

The Members of the Executive Committee received a total aggregated amount of EUR 357,355 representing other benefits in line with the remuneration policy.

B. VARIABLE REMUNERATION

Variable remuneration consists of the Short-term incentive (STI - one year variable) and the Long-term incentive (LTI - multi-year variable).

STI ("One-Year Variable")

Based on the Ageas Business Score for the year under review as well as the individual performance score (and function performance for the CRO), this led to the following actual STI pay-out percentages (target = 50% of base compensation, range 0-100% of base compensation):

- Bart De Smet (CEO): 133% of target;
- Christophe Boizard (CFO): 127% of target;
- Emmanuel Van Grimbergen (CRO): 120% of target ;
- Antonio Cano (COO): 129% of target;
- Filip Coremans (CDO): 129% of target.

For the performance year 2019 a STI for a total amount of EUR 1,537,491 was granted. 50% of this amount will be paid in 2020 the remaining part is deferred to 2021 and 2022 and will be adjusted for performance accordingly. The STI paid in 2020 consists of 50% of the STI earned for the performance year 2019, 25% of the STI earned for 2018 and 25% of the STI earned for 2017. The pay-outs corresponding to performance years 2017 and 2018 were adjusted downwards and upwards, respectively.

You will find below the individual amounts for each member of the Executive committee :

	STI granted for performance year	STI paid in 2020 for Performance Years			
		2019	2018	2017	
Incumbent Name	2019	50%	25%	25%	Total
Bart De Smet (CEO)	466,550	233,275	99,732	114,802	447,809
Christophe Boizard (CFO)	307,248	153,624	63,986	71,551	289,161
Emmanuel Van Grimbergen (CRO) 1)	140,467	70,234	-	-	70,234
Antonio Cano (COO)	311,613	155,807	64,662	72,897	293,366
Filip Coremans (CDO) 2)	311,613	155,807	65,842	75,597	297,246
Total	1,537,491	768,747	294,222	334,847	1,397,816

1) *Bonus amounts relate only to the role as member of the ExCo. Emmanuel Van Grimbergen was appointed CRO as of June 1, 2019.*
2) *Bonus amounts relate partly to the previous role as CRO. Indeed, Filip Coremans was appointed CDO as of June 1, 2019.*

LTI ("Multi-Year Variable")

Grant made in 2019

With an Ageas business score of 5 (on a range of 1 to 7), the Board of Directors decided on a grant in 2019 of 150% of the target (i.e. 67.5% of base compensation). Based on the volume weighted average price (VWAP) of EUR 48.2645 of the Ageas share over the month of February 2020, this resulted in a conditional grant of 33,402 shares for an amount of EUR 1,612,125, in comparison to 2018 when 21,356 shares were granted for an amount of EUR 900,000. The shares will be blocked until 2025 and will be adjusted at vesting on 30 June of N+4 based on the relative Total Shareholder Return (TSR) ranking of the Ageas share over the performance period.

The number of shares granted for 2019 is detailed in the following table:

Incumbent Name	Date of Grant	Share Price at Grant Date	Number of Shares Granted
Bart De Smet (CEO)	1/03/2020	48.2645	9,790
Christophe Boizard (CFO)	1/03/2020	48.2645	6,783
Emmanuel Van Grimbergen (CRO) [1]	1/03/2020	48.2645	3,263
Antonio Cano (COO)	1/03/2020	48.2645	6,783
Filip Coremans (CDO) [2]	1/03/2020	48.2645	6,783
Total			33,402

1) *Grant for Emmanuel Van Grimbergen relates only to his role as CRO as of June 1, 2019.*
2) *Grant relates partly to the previous role as CRO. Indeed, Filip Coremans was appointed CDO as of June 1, 2019.*

2019 vesting

The shares committed to be granted for the LTI plan 2015 vested on June 30th, 2019. The number of shares was adjusted taking into account Ageas's TSR performance over the assessment period. The table below details the number of shares initially granted, the number of shares vesting, as well as the number of shares sold at vesting to finance the income tax and the remaining number of shares subject to a holding period:

Incumbent Name	Number of shares committed to be granted for 2015	Adjusted number vested on 30 june 2019	Number of shares sold to finance income tax	Number of shares blocked till 1 january 2021
Bart De Smet	15,084	13,072	3,572	9,500
Christophe Boizard	11,805	10,230	5,008	5,222
Emmanuel Van Grimbergen [1)]	4,634	4,016	2,008	2,008
Antonio Cano	8,230	7,132	3,491	3,641
Filip Coremans	11,149	9,662	4,729	4,933
Total	50,902	44,112	18,808	25,304

1) *Relates to restricted shares awarded in the role of Group Risk officer.*

C. EXTRAORDINARY ITEMS AND PENSION EXPENSES.

No extraordinary items were paid during the full year under review to any of the Members of the Executive Committee.

A total aggregated amount of EUR 886,995 was contributed to a defined contribution pension plan for the Executive Committee members.

Incumbent Name	Pension Contribution
Bart De Smet	273,980
Christophe Boizard	183,741
Emmanuel Van Grimbergen [1)]	58,331
Antonio Cano	184,459
Filip Coremans	186,484
Total	886,995

1) *Only relating to the role as CRO.*

6.3.2.3 Share-based Remuneration

As mentioned above, the LTI-plan was granted at 150% of the target, which resulted in the grant of 33,402 shares for an amount of EUR 1,612,125.

The table below gives an overview of the number of shares granted in previous years. These shares only vest on 30 June of N+4 and are adjusted taking into account the relative TSR-performance over the intermediate period.

Incumbent name	Number of shares committed to be granted for 2016	Number of shares committed to be granted for 2017	Number of shares committed to be granted for 2018	Number of shares committed to be granted for 2019
Bart De Smet	-	14,033	6,941	9,790
Christophe Boizard	-	9,715	4,805	6,783
Emmanuel Van Grimbergen [1)]	-	4,430	2,228	4,504
Antonio Cano	-	9,715	4,805	6,783
Filip Coremans	-	9,715	4,805	6,783
Total	-	47,608	23,584	34,643

1) *Shares until 1 June 2019 relate to his mandate as Group Risk officer. For 2019, 1,241 shares are granted for the role as Group Risk officer and 3,263 shares are granted for the role as CRO as of 1 June 2019.*

6.3.2.4 Additional disclosure

Ageas did not apply any clawback provision during the year under review. None of the Executive Members stepped down during the year under review.

6.3.2.5 Annual Change in Remuneration of Executive Directors versus the Wider Workforce & Company Performance

Regulation does not yet provide full clarity on the specific requirements for the comparison of the annual change in Directors' remuneration versus the wider workforce & company performance. The table below gives an overview of the evolution of the total remuneration of the ExCo members in comparison with the evolution of the average remuneration of employees.

Annual change	2015	2016	Variance	2017	Variance	2018	Variance	2019	Variance
Exco total remuneration [1)]									
Bart De Smet	1,744,391	1,289,459	(26%)	2,124,161	65%	1,668,696	(21%)	2,008,326	20%
Christophe Boizard	1,366,122	905,035	(34%)	1,467,481	62%	1,161,803	(21%)	1,396,680	20%
Filip Coremans	1,236,028	864,436	(30%)	1,452,109	68%	1,144,313	(21%)	1,376,144	20%
Antonio Cano	N/A	829,304		1,430,608		1,130,143	(21%)	1,381,156	22%
Emmanuel Van Grimbergen	N/A	N/A		N/A		N/A		619,993	
Company performance									
Ageas Business score % [2)]	108%	74%		182%		93%		130%	
TSR 01-01/31-12 of YR [3)]	52.12%	(7.64%)		14.52%		1.21%		40.86%	
Average remuneration of employees on full- time base	71,041	70,033	(1%)	73,299	5%	73,512	0.3%	77,372	5.3%
FTE at 31/12 [4)]	11,918	12,080		11,261		11,009		10,741.5	
Total staff expenses [5)]	846,700,000	846,000,000		825,400,000		809,300,000		831,100,000	

1) *Total remuneration as defined in table for 6.3.2.2.*
2) *Range is 0-200%.*
3) *Total Shareholder Return.*
4) *FTE for Ageas consolidated entities.*
5) *As reported in the annual accounts.*

07

Related parties

Parties related to Ageas include associates, pension funds, Board Members (i.e. Non-Executive and Executive Members of the Ageas Board of Directors), executive managers, close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities. Ageas frequently enters into transactions with related parties in the course of its business operations. Such transactions mainly concern loans, deposits and reinsurance contracts and are entered into under the same commercial and market terms that apply to non-related parties.

Ageas companies may grant credits, loans or guarantees in the normal course of business to Board Members and executive managers or to close family members of the Board Members or close family members of executive managers.

As at 31 December 2019, no outstanding or new loans, credits or bank guarantees had been granted to Board Members and executive managers or to close family members of the Board members and close family members of executive managers.

In 2013, a transaction took place between ageas SA/NV and one of its independent Board members, Mr Guy de Selliers de Moranville. The transaction relates to the renting by ageas SA/NV of one of his properties. This property is regarded as an appropriate venue to host VIP-guests of the Board and Executive Management and is rented at an annual rent of EUR 50,000 (indexated).

Management considers the transaction with Mr Guy de Selliers de Moranville was concluded at arm's length.

Notification of withdrawal of this rental contract was given by ageas SA/NV in November 2019, the contract will terminate on 30 April 2020.

The tables below show the items in the income statement and statement of financial position in which amounts for related parties are included. For both 2019 and 2018, Ageas had only related party transactions with associates.

	2019	2018
Income statement - related parties		
Interest income	11.0	9.3
Insurance premiums	13.6	
Fee and commission income	4.4	7.6
Realised gains	0.1	
Other income	4.2	2.8
Change in provision for insurance and investment contracts	(11.4)	
Fee and commission expenses	(34.4)	(29.5)

	2019	2018
Statement of financial position - related parties		
Financial Investments	78.6	84.6
Reinsurance share, trade and other receivables	15.2	4.5
Due from customers	391.2	347.5
Other assets	1.8	1.6
Liabilities arising from insurance and investment contracts	10.7	
Debt certificates, subordinated liabilities and other borrowings	3.7	2.9
Other liabilities	2.8	2.9

The changes in Loans to related parties during the year ended 31 December are as follows.

	2019	2018
Related party loans as at 1 January	347.5	249.0
Additions or advances	67.7	113.2
Repayments	(7.3)	(14.7)
Other	(16.7)	
Related party loans as at 31 December	391.2	347.5

08

Information on operating segments

8.1 General information

Operating segments

Ageas is organised in six operating segments:

- Belgium;
- United Kingdom (UK);
- Continental Europe (CEU);
- Asia;
- Reinsurance; and
- General Account.

Ageas has decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, i.e. Belgium, United Kingdom, Continental Europe, Asia and Reinsurance. In addition, Ageas reports activities that are not related to the core insurance business, such as Group financing and other holding activities, in the General Account, which is treated as a separate operating segment.

This segment approach is consistent with the scopes of management responsibilities.

Transactions between the different businesses are executed under standard commercial terms and conditions.

Allocation rules

In accordance with Ageas's business model, insurance companies report support activities directly in their operating segments.

When allocating items from the statement of financial position to operating segments, a bottom-up approach is used based on the products sold to external customers.

For the items in the statement of financial position not related to products sold to customers, a tailor-made methodology adapted to the specific business model of each reportable segment is applied.

8.2 Belgium

The Belgian insurance activities, operating under the name of AG Insurance, have a longstanding history. AG Insurance is also 100% owner of AG Real Estate, which manages AG's real estate activities.

AG Insurance targets private individuals as well as small, medium-sized and large companies. It offers its customers a comprehensive range of Life and Non-life insurance through various channels such as independent brokers and via the bank channels of BNP Paribas Fortis SA/NV and its subsidiaries. AG Employee Benefits is the dedicated business unit offering group pension and health care solutions, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis SA/NV owns 25% of AG Insurance.

8.3 United Kingdom (UK)

Ageas's UK business is one of the established general insurers in the UK, adopting a multi-channel distribution strategy across brokers, affinity partners and direct distribution. The vision is to profitably grow in the UK general insurance market through the delivery of a wide range of insurance solutions, focusing on personal lines and commercial lines.

8.4 Continental Europe

Continental Europe consists of the insurance activities of Ageas in Europe, excluding Belgium and the United Kingdom. Ageas is active in three markets: Portugal, France and Turkey. The product range includes Life (in Portugal and France) and Non-life (in Portugal and Turkey). Access to markets is facilitated by a number of key partnerships with companies having a sizeable position in their respective markets.

8.5 Asia

Ageas is active in a number of countries in Asia with its regional office based in Hong Kong. The activities are organised in the form of joint ventures with leading local partners and financial institutions in China, Malaysia, Thailand, India, The Philippines and Vietnam. These activities are accounted for as equity associates under IFRS.

8.6 Reinsurance

Intreas is the internal Non-life reinsurer of Ageas, established in 2015 with the aim to optimise Ageas's Group Non-life reinsurance programmes. During the course of 2019, the business of Intreas was fully transferred to ageas SA/NV and Intreas was liquidated as per 31 December 2019.

In June 2018, ageas SA/NV received a license from the National Bank of Belgium to start reinsurance activities. For Group reporting purposes, the reinsurance activities of ageas SA/NV are reported in the Reinsurance Segment while the existing activities remain in the General Account.

8.7 General Account

The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, General Account also includes the investment in Royal Park Investments and the liability related to RPN(I).

8.8 Statement of financial position by operating segment

31 December 2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets										
Cash and cash equivalents	975.5	105.6	320.2	4.3	199.0		1,604.6	2,140.8		3,745.4
Financial investments	50,759.0	1,699.1	10,759.1		787.9		64,005.1		(2.8)	64,002.3
Investment property	2,399.5		203.0				2,602.5			2,602.5
Loans	10,811.0	45.9	164.5				11,021.4	926.8	(876.2)	11,072.0
Investments related to unit-linked contracts	9,800.4		6,628.5				16,428.9			16,428.9
Investments in associates	512.1	97.4	83.0	4,012.2			4,704.7	14.3	(3.0)	4,716.0
Reinsurance and other receivables	1,007.9	1,494.5	322.5	0.4	35.3	(1,002.9)	1,857.7	7.0	(4.7)	1,860.0
Current tax assets	57.5	0.5	25.1				83.1			83.1
Deferred tax assets	7.8	35.8	62.6			0.1	106.3			106.3
Accrued interest and other assets	1,365.5	193.9	211.0	0.3	131.4	(13.1)	1,889.0	122.6	(100.8)	1,910.8
Property, plant and equipment	1,595.4	77.4	33.7	2.0			1,708.5	10.1		1,718.6
Goodwill and other intangible assets	510.0	252.8	440.0				1,202.8			1,202.8
Assets held for sale										
Total assets	79,801.6	4,002.9	19,253.2	4,019.2	1,153.6	(1,015.9)	107,214.6	3,221.6	(987.5)	109,448.7
Liabilities										
Liabilities arising from Life insurance contracts	25,004.0		3,768.7				28,772.7		(11.5)	28,761.2
Liabilities arising from Life investment contracts	26,450.4		5,792.3				32,242.7			32,242.7
Liabilities related to unit-linked contracts	9,800.4		6,637.7				16,438.1			16,438.1
Liabilities arising from Non-life insurance contracts	4,078.3	2,630.2	856.0		1,023.1	(990.0)	7,597.6			7,597.6
Subordinated liabilities	1,141.5	188.8	175.0				1,505.2	2,487.6	(876.1)	3,116.7
Borrowings	2,913.4	6.5	38.8	2.0		(12.9)	2,947.7	8.7		2,956.4
Current tax liabilities	32.8	2.0	12.6				47.6	2.0		49.6
Deferred tax liabilities	1,021.7	1.8	85.4				1,108.9	10.5		1,119.4
RPN(I)								359.0		359.0
Accrued interest and other liabilities	2,147.5	147.5	342.3	9.6	22.3	(13.0)	2,656.2	174.6	(86.0)	2,744.8
Provisions	26.4	28.4	9.2				63.9	518.6		582.5
Liabilities related to written put options on NCI										
Liabilities related to assets held for sale										
Total liabilities	72,616.4	3,005.2	17,718.0	11.6	1,045.4	(1,015.9)	93,380.6	3,561.0	(973.6)	95,968.0
Shareholders' equity	5,135.0	997.7	1,326.1	4,007.6	108.2	0.7	11,575.3	(339.4)	(14.6)	11,221.3
Non-controlling interests	2,050.2		209.1			(0.7)	2,258.7		0.7	2,259.4
Total equity	7,185.2	997.7	1,535.2	4,007.6	108.2		13,834.0	(339.4)	(13.9)	13,480.7
Total liabilities and equity	79,801.6	4,002.9	19,253.2	4,019.2	1,153.6	(1,015.9)	107,214.6	3,221.6	(987.5)	109,448.7
Number of employees	6,377	2,614	1,529	67	2	(2)	10,587	154		10,741

31 December 2018	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets										
Cash and cash equivalents	790.4	200.0	563.8	3.1	5.4		1,562.7	1,362.1		2,924.8
Financial investments	49,443.9	2,094.5	9,782.9		119.1		61,440.4	4.4	(2.2)	61,442.6
Investment property	2,564.0	23.5	139.8				2,727.3			2,727.3
Loans	9,298.4	53.4	85.8				9,437.6	1,011.1	(660.2)	9,788.5
Investments related to unit-linked contracts	8,160.7		7,348.6				15,509.3			15,509.3
Investments in associates	528.5	92.7	84.0	2,357.0			3,062.2	10.3	(1.5)	3,071.0
Reinsurance and other receivables	772.6	783.2	225.0	0.3	17.3	(29.4)	1,769.0	79.0	(4.9)	1,843.1
Current tax assets	28.8	0.5	34.9				64.2			64.2
Deferred tax assets	18.1	47.4	74.1				139.6			139.6
Accrued interest and other assets	1,374.1	262.3	191.0	0.3	12.8	(8.0)	1,832.5	97.9	(93.3)	1,837.1
Property, plant and equipment	1,163.3	49.8	20.4				1,233.5	1.1		1,234.6
Goodwill and other intangible assets	411.0	239.2	446.9				1,097.1			1,097.1
Assets held for sale	7.1						7.1			7.1
Total assets	74,560.9	3,846.5	18,997.2	2,360.7	154.6	(37.4)	99,882.5	2,565.9	(762.1)	101,686.3
Liabilities										
Liabilities arising from Life insurance contracts	23,519.6		3,477.1				26,996.7		(9.2)	26,987.5
Liabilities arising from Life investment contracts	25,576.8		5,283.3				30,860.1			30,860.1
Liabilities related to unit-linked contracts	8,160.7		7,350.4				15,511.1			15,511.1
Liabilities arising from Non-life insurance contracts	3,997.8	2,559.5	862.4		29.4	(24.5)	7,424.6			7,424.6
Subordinated liabilities	1,326.2	194.0	175.0				1,695.2	1,250.0	(660.2)	2,285.0
Borrowings	2,131.3	0.2	63.4			(10.7)	2,184.2			2,184.2
Current tax liabilities	28.9	3.2	1.0				33.1	2.6		35.7
Deferred tax liabilities	960.0	0.5	70.1				1,030.6	9.0		1,039.6
RPN(I)								358.9		358.9
Accrued interest and other liabilities	2,051.5	171.5	309.2	6.8	9.5	(2.2)	2,546.3	120.6	(80.9)	2,586.0
Provisions	27.8	21.8	7.9				57.5	829.6		887.1
Liabilities related to assets held for sale	6.9						6.9			6.9
Total liabilities	67,787.5	2,950.7	17,599.8	6.8	38.9	(37.4)	88,346.3	2,570.7	(750.3)	90,166.7
Shareholders' equity	4,843.0	895.8	1,219.7	2,353.9	115.7	0.4	9,428.5	(4.8)	(12.3)	9,411.4
Non-controlling interests	1,930.4		177.7			(0.4)	2,107.7		0.5	2,108.2
Total equity	6,773.4	895.8	1,397.4	2,353.9	115.7		11,536.2	(4.8)	(11.8)	11,519.6
Total liabilities and equity	74,560.9	3,846.5	18,997.2	2,360.7	154.6	(37.4)	99,882.5	2,565.9	(762.1)	101,686.3
Number of employees	6,368	2,914	1,503	69	4		10,858	151		11,009

8.9 Income statement by operating segment

2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*5,868.6*	*1,374.6*	*2,121.5*		*1,688.5*	*(1,667.7)*	*9,385.5*		*(1.9)*	*9,383.6*
- *Change in unearned premiums*	*(2.1)*	*17.3*	*(15.4)*		*(240.6)*	*240.6*	*(0.2)*			*(0.2)*
- *Ceded earned premiums*	*(563.9)*	*(896.8)*	*(276.0)*		*(51.3)*	*1,425.8*	*(362.2)*			*(362.2)*
Net earned premiums	5,302.6	495.1	1,830.1		1,396.6	(1.3)	9,023.1		(1.9)	9,021.2
Interest, dividend and other investment income	2,348.3	38.4	212.7		12.5	0.1	2,612.0	36.8	(36.5)	2,612.3
Unrealised gain (loss) on RPN(I)								*(0.1)*		(0.1)
Result on sales and revaluations	271.5	6.5	44.1		5.1	(0.1)	327.1	3.6	(4.2)	326.5
Income related to investments for unit-linked contracts	1,123.0		775.5				1,898.5			1,898.5
Share in result of associates	45.7	13.1	17.2	545.2			621.2	1.7		622.9
Fee and commission income	347.9	248.0	178.1		4.0	(413.4)	364.6			364.6
Other income	203.0	37.6	23.3	0.7		(0.4)	264.2	5.9	(16.8)	253.3
Total income	9,642.0	838.7	3,081.0	545.9	1,418.2	(415.1)	15,110.7	47.9	(59.4)	15,099.2
Expenses										
- *Insurance claims and benefits, gross*	*(5,826.4)*	*(834.3)*	*(1,761.6)*		*(1,107.4)*	*1,086.5*	*(8,443.2)*		*2.9*	*(8,440.3)*
- *Insurance claims and benefits, ceded*	*344.9*	*709.1*	*158.2*		*20.1*	*(1,086.6)*	*145.7*			*145.7*
Insurance claims and benefits, net	(5,481.5)	(125.2)	(1,603.4)		(1,087.3)	(0.1)	(8,297.5)		2.9	(8,294.6)
Charges related to unit-linked contracts	(1,159.2)		(817.4)			(0.1)	(1,976.7)			(1,976.7)
Financing costs	(96.8)	(9.9)	(13.4)	(0.1)	(0.7)	(0.1)	(121.0)	(43.1)	35.3	(128.8)
Change in impairments	(46.7)	(4.8)	(4.7)				(56.2)			(56.2)
Change in provisions	1.4		0.3				1.7	(6.9)		(5.2)
Fee and commission expenses	(656.7)	(243.7)	(183.5)		(422.1)	413.5	(1,092.5)			(1,092.5)
Staff expenses	(550.5)	(142.3)	(84.0)	(24.7)		(0.1)	(801.6)	(29.5)		(831.1)
Other expenses	(865.9)	(230.2)	(199.0)	(6.0)	76.5	2.0	(1,222.6)	(75.8)	17.0	(1,281.4)
Total expenses	(8,855.9)	(756.1)	(2,905.1)	(30.8)	(1,433.6)	415.1	(13,566.4)	(155.3)	55.2	(13,666.5)
Result before taxation	786.1	82.6	175.9	515.1	(15.4)		1,544.3	(107.4)	(4.2)	1,432.7
Tax income (expenses)	(184.4)	(13.9)	(43.6)	(0.2)	(0.8)		(242.9)	(11.5)	(0.1)	(254.5)
Net result for the period	601.7	68.7	132.3	514.9	(16.2)		1,301.4	(118.9)	(4.3)	1,178.2
Attributable to non-controlling interests	175.3		23.5				198.8		0.2	199.0
Net result attributable to shareholders	426.4	68.7	108.8	514.9	(16.2)		1,102.6	(118.9)	(4.5)	979.2
Total income from external customers	9,876.1	1,459.6	3,225.5	545.9			15,107.1	(7.9)		15,099.2
Total income internal	(234.1)	(620.9)	(144.5)		1,418.2	(415.1)	3.6	55.8	(59.4)	
Total income	9,642.0	838.7	3,081.0	545.9	1,418.2	(415.1)	15,110.7	47.9	(59.4)	15,099.2
Non-cash expenses (excl. depreciation & amortisation)								(6.9)		(6.9)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as follows.

2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	5,868.6	1,374.6	2,121.5		1,688.5	(1,667.7)	9,385.5		(1.9)	9,383.6
Inflow deposit accounting	743.1		418.8			(0.1)	1,161.8			1,161.8
Gross inflow	6,611.7	1,374.6	2,540.3		1,688.5	(1,667.8)	10,547.3		(1.9)	10,545.4

2018	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*5,348.0*	*1,388.4*	*2,122.6*		*61.1*	*(58.8)*	*8,861.3*		*(1.3)*	*8,860.0*
- *Change in unearned premiums*	*3.9*	*60.1*	*(11.1)*				*52.9*			*52.9*
- *Ceded earned premiums*	*(65.9)*	*(128.1)*	*(101.9)*		*(27.6)*	*56.9*	*(266.6)*			*(266.6)*
Net earned premiums	5,286.0	1,320.4	2,009.6		33.5	(1.9)	8,647.6		(1.3)	8,646.3
Interest, dividend and other investment income	2,405.5	52.0	209.8		1.8		2,669.1	33.4	(32.0)	2,670.5
Unrealised gain (loss) on RPN(I)								89.1		89.1
Result on sales and revaluations	240.1	3.6	48.6	(0.1)			292.2	22.7		314.9
Income related to investments for unit-linked contracts	(478.3)		(174.6)				(652.9)			(652.9)
Share in result of associates	19.9	11.2	22.0	196.7			249.8	1.7		251.5
Fee and commission income	168.7	16.7	114.5			(3.4)	296.5			296.5
Other income	162.7	39.6	17.0	3.2		(0.9)	221.6	5.6	(16.4)	210.8
Total income	7,804.6	1,443.5	2,246.9	199.8	35.3	(6.2)	11,723.9	152.5	(49.7)	11,826.7
Expenses										
- *Insurance claims and benefits, gross*	*(5,311.4)*	*(768.2)*	*(1,820.3)*		*(21.4)*	*14.9*	*(7,906.4)*		*1.8*	*(7,904.6)*
- *Insurance claims and benefits, ceded*	*17.7*	*(26.5)*	*43.6*		*1.6*	*(14.9)*	*21.5*			*21.5*
Insurance claims and benefits, net	(5,293.7)	(794.7)	(1,776.7)		(19.8)		(7,884.9)		1.8	(7,883.1)
Charges related to unit-linked contracts	440.6		147.6				588.2			588.2
Financing costs	(97.4)	(10.8)	(16.1)				(124.3)	(29.6)	31.4	(122.5)
Change in impairments	(129.9)		(4.7)				(134.6)			(134.6)
Change in provisions	(6.1)		(0.7)				(6.8)	(3.5)		(10.3)
Fee and commission expenses	(632.5)	(247.1)	(165.8)		(5.4)	3.3	(1,047.5)			(1,047.5)
Staff expenses	(537.4)	(149.3)	(71.3)	(20.6)			(778.6)	(30.7)		(809.3)
Other expenses	(800.2)	(134.5)	(168.4)	(9.6)	(2.5)	2.9	(1,112.3)	(62.0)	16.4	(1,157.9)
Total expenses	(7,056.6)	(1,336.4)	(2,056.1)	(30.2)	(27.7)	6.2	(10,500.8)	(125.8)	49.6	(10,577.0)
Result before taxation	748.0	107.1	190.8	169.6	7.6		1,223.1	26.7	(0.1)	1,249.7
Tax income (expenses)	(175.2)	(20.4)	(42.8)				(238.4)	(14.4)		(252.8)
Net result for the period	572.8	86.7	148.0	169.6	7.6		984.7	12.3	(0.1)	996.9
Attributable to non-controlling interests	157.5		30.3				187.8			187.8
Net result attributable to shareholders	415.3	86.7	117.7	169.6	7.6		796.9	12.3	(0.1)	809.1
Total income from external customers	7,816.4	1,461.2	2,259.1	199.7			11,736.4	90.3		11,826.7
Total income internal	(11.8)	(17.7)	(12.2)	0.1	35.3	(6.2)	(12.5)	62.2	(49.7)	
Total income	7,804.6	1,443.5	2,246.9	199.8	35.3	(6.2)	11,723.9	152.5	(49.7)	11,826.7
Non-cash expenses (excl. depreciation & amortisation)								(3.5)		(3.5)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as follows.

2018	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	5,348.0	1,388.4	2,122.6		61.1	(58.8)	8,861.3		(1.3)	8,860.0
Inflow deposit accounting	798.1		403.2				1,201.3			1,201.3
Gross inflow	6,146.1	1,388.4	2,525.8		61.1	(58.8)	10,062.6		(1.3)	10,061.3

8.10 Statement of financial position split into Life and Non-life

31 December 2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets							
Cash and cash equivalents	1,055.3	549.2	0.1	1,604.6	2,140.8		3,745.4
Financial investments	56,427.4	7,577.7		64,005.1		(2.8)	64,002.3
Investment property	2,352.2	250.3		2,602.5			2,602.5
Loans	9,996.7	1,062.9	(38.2)	11,021.4	926.8	(876.2)	11,072.0
Investments related to unit-linked contracts	16,428.9			16,428.9			16,428.9
Investments in associates	4,065.9	638.8		4,704.7	14.3	(3.0)	4,716.0
Reinsurance and other receivables	389.1	2,818.2	(1,349.6)	1,857.7	7.0	(4.7)	1,860.0
Current tax assets	45.7	37.4		83.1			83.1
Deferred tax assets	33.4	72.9		106.3			106.3
Accrued interest and other assets	1,544.0	358.0	(13.0)	1,889.0	122.6	(100.8)	1,910.8
Property, plant and equipment	1,371.5	336.9	0.1	1,708.5	10.1		1,718.6
Goodwill and other intangible assets	873.9	605.5	(276.6)	1,202.8			1,202.8
Assets held for sale							
Total assets	94,584.0	14,307.8	(1,677.2)	107,214.6	3,221.6	(987.5)	109,448.7
Liabilities							
Liabilities arising from Life insurance contracts	28,772.7			28,772.7		(11.5)	28,761.2
Liabilities arising from Life investment contracts	32,242.7			32,242.7			32,242.7
Liabilities related to unit-linked contracts	16,438.1			16,438.1			16,438.1
Liabilities arising from Non-life insurance contracts		8,587.6	(990.0)	7,597.6			7,597.6
Subordinated liabilities	1,056.0	487.5	(38.3)	1,505.2	2,487.6	(876.1)	3,116.7
Borrowings	2,444.7	515.9	(12.9)	2,947.7	8.7		2,956.4
Current tax liabilities	32.4	15.1		47.6	2.0		49.6
Deferred tax liabilities	918.2	190.7		1,108.9	10.5		1,119.4
RPN(I)					359.0		359.0
Accrued interest and other liabilities	2,028.9	873.7	(246.3)	2,656.2	174.6	(86.0)	2,744.8
Provisions	23.3	40.6		63.9	518.6		582.5
Liabilities related to assets held for sale							
Total liabilities	84,043.9	10,736.8	(1,400.1)	93,380.6	3,561.0	(973.6)	95,968.0
Shareholders' equity	8,456.7	3,395.8	(277.2)	11,575.3	(339.4)	(14.6)	11,221.3
Non-controlling interests	2,083.4	175.2	0.1	2,258.7		0.7	2,259.4
Total equity	10,540.1	3,571.0	(277.1)	13,834.0	(339.4)	(13.9)	13,480.7
Total liabilities and equity	94,584.0	14,307.8	(1,677.2)	107,214.6	3,221.6	(987.5)	109,448.7
Number of employees	4,190	6,398	(1)	10,587	154		10,741

31 December 2018	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets							
Cash and cash equivalents	1,073.3	489.4		1,562.7	1,362.1		2,924.8
Financial investments	54,251.5	7,188.9		61,440.4	4.4	(2.2)	61,442.6
Investment property	2,451.2	276.1		2,727.3			2,727.3
Loans	8,420.7	1,054.4	(37.5)	9,437.6	1,011.1	(660.2)	9,788.5
Investments related to unit-linked contracts	15,509.3			15,509.3			15,509.3
Investments in associates	2,635.5	426.7		3,062.2	10.3	(1.5)	3,071.0
Reinsurance and other receivables	419.5	1,737.7	(388.2)	1,769.0	79.0	(4.9)	1,843.1
Current tax assets	31.8	32.3	0.1	64.2			64.2
Deferred tax assets	48.3	91.3		139.6			139.6
Accrued interest and other assets	1,533.9	306.4	(7.8)	1,832.5	97.9	(93.3)	1,837.1
Property, plant and equipment	993.7	239.9	(0.1)	1,233.5	1.1		1,234.6
Goodwill and other intangible assets	809.4	287.6	0.1	1,097.1			1,097.1
Assets held for sale	5.6	1.6	(0.1)	7.1			7.1
Total assets	88,183.7	12,132.3	(433.5)	99,882.5	2,565.9	(762.1)	101,686.3
Liabilities							
Liabilities arising from Life insurance contracts	26,996.7			26,996.7		(9.2)	26,987.5
Liabilities arising from Life investment contracts	30,860.1			30,860.1			30,860.1
Liabilities related to unit-linked contracts	15,511.1			15,511.1			15,511.1
Liabilities arising from Non-life insurance contracts		7,449.1	(24.5)	7,424.6			7,424.6
Subordinated liabilities	1,210.0	522.6	(37.4)	1,695.2	1,250.0	(660.2)	2,285.0
Borrowings	1,963.9	231.1	(10.8)	2,184.2			2,184.2
Current tax liabilities	18.9	14.2		33.1	2.6		35.7
Deferred tax liabilities	856.0	174.7	(0.1)	1,030.6	9.0		1,039.6
RPN(I)					358.9		358.9
Accrued interest and other liabilities	2,052.2	854.2	(360.1)	2,546.3	120.6	(80.9)	2,586.0
Provisions	23.5	34.0		57.5	829.6		887.1
Liabilities related to assets held for sale	6.2	0.7		6.9			6.9
Total liabilities	79,498.6	9,280.6	(432.9)	88,346.3	2,570.7	(750.3)	90,166.7
Shareholders' equity	6,746.7	2,682.4	(0.6)	9,428.5	(4.8)	(12.3)	9,411.4
Non-controlling interests	1,938.4	169.3		2,107.7		0.5	2,108.2
Total equity	8,685.1	2,851.7	(0.6)	11,536.2	(4.8)	(11.8)	11,519.6
Total liabilities and equity	88,183.7	12,132.3	(433.5)	99,882.5	2,565.9	(762.1)	101,686.3
Number of employees	4,109	6,749		10,858	151		11,009

8.11 Income statement split into Life and Non-life

31 December 2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income							
- *Gross premium income*	*5,167.2*	*4,218.5*	*(0.2)*	*9,385.5*		*(1.9)*	*9,383.6*
- *Change in unearned premiums*		*(0.3)*	*0.1*	*(0.2)*			*(0.2)*
- *Ceded earned premiums*	*(38.1)*	*(324.0)*	*(0.1)*	*(362.2)*			*(362.2)*
Net earned premiums	5,129.1	3,894.2	(0.2)	9,023.1		(1.9)	9,021.2
Interest, dividend and other investment income	2,325.4	303.7	(17.1)	2,612.0	36.8	(36.5)	2,612.3
Unrealised gain (loss) on RPN(I)					(0.1)		(0.1)
Result on sales and revaluations	283.6	43.6	(0.1)	327.1	3.6	(4.2)	326.5
Income related to investments for unit-linked contracts	1,898.5			1,898.5			1,898.5
Share in result of associates	576.0	45.2		621.2	1.7		622.9
Fee and commission income	267.2	97.4		364.6			364.6
Other income	165.6	98.6		264.2	5.9	(16.8)	253.3
Total income	10,645.4	4,482.7	(17.4)	15,110.7	47.9	(59.4)	15,099.2
Expenses							
- *Insurance claims and benefits, gross*	*(5,957.5)*	*(2,485.7)*		*(8,443.2)*		*2.9*	*(8,440.3)*
- *Insurance claims and benefits, ceded*	*18.4*	*127.3*		*145.7*			*145.7*
Insurance claims and benefits, net	(5,939.1)	(2,358.4)		(8,297.5)		2.9	(8,294.6)
Charges related to unit-linked contracts	(1,976.7)			(1,976.7)			(1,976.7)
Financing costs	(86.0)	(36.6)	1.6	(121.0)	(43.1)	35.3	(128.8)
Change in impairments	(48.5)	(7.7)		(56.2)			(56.2)
Change in provisions	1.3	0.4		1.7	(6.9)		(5.2)
Fee and commission expenses	(356.5)	(736.1)	0.1	(1,092.5)			(1,092.5)
Staff expenses	(403.0)	(398.6)		(801.6)	(29.5)		(831.1)
Other expenses	(706.4)	(531.9)	15.7	(1,222.6)	(75.8)	17.0	(1,281.4)
Total expenses	(9,514.9)	(4,068.9)	17.4	(13,566.4)	(155.3)	55.2	(13,666.5)
Result before taxation	1,130.5	413.8		1,544.3	(107.4)	(4.2)	1,432.7
Tax income (expenses)	(140.9)	(102.0)		(242.9)	(11.5)	(0.1)	(254.5)
Net result for the period	989.6	311.8		1,301.4	(118.9)	(4.3)	1,178.2
Attributable to non-controlling interests	148.9	49.9		198.8		0.2	199.0
Net result attributable to shareholders	840.7	261.9		1,102.6	(118.9)	(4.5)	979.2
Total income from external customers	10,619.1	4,475.3	12.7	15,107.1	(7.9)		15,099.2
Total income internal	26.3	7.4	(30.1)	3.6	55.8	(59.4)	
Total income	10,645.4	4,482.7	(17.4)	15,110.7	47.9	(59.4)	15,099.2
Non-cash expenses (excl. depreciation & amortisation)					(6.9)		(6.9)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be presented as follows.

31 December 2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	5,167.2	4,218.5	(0.2)	9,385.5		(1.9)	9,383.6
Inflow deposit accounting	1,161.8			1,161.8			1,161.8
Gross inflow	6,329.0	4,218.5	(0.2)	10,547.3		(1.9)	10,545.4

2018	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total
Income							
- *Gross premium income*	*4,794.0*	*4,067.4*	*(0.1)*	*8,861.3*		*(1.3)*	*8,860.0*
- *Change in unearned premiums*		*52.9*		*52.9*			*52.9*
- *Ceded earned premiums*	*(36.6)*	*(230.0)*		*(266.6)*			*(266.6)*
Net earned premiums	4,757.4	3,890.3	(0.1)	8,647.6		(1.3)	8,646.3
Interest, dividend and other investment income	2,375.1	310.3	(16.4)	2,669.1	33.4	(32.0)	2,670.5
Unrealised gain (loss) on RPN(I)					89.1		89.1
Result on sales and revaluations	260.2	32.0		292.2	22.7		314.9
Income related to investments for unit-linked contracts	(652.9)			(652.9)			(652.9)
Share in result of associates	206.6	43.2		249.8	1.7		251.5
Fee and commission income	263.4	33.1		296.5			296.5
Other income	131.8	90.3	(0.5)	221.6	5.6	(16.4)	210.8
Total income	7,341.7	4,399.2	(17.0)	11,723.9	152.5	(49.7)	11,826.7
Expenses							
- *Insurance claims and benefits, gross*	*(5,590.0)*	*(2,316.4)*		*(7,906.4)*		*1.8*	*(7,904.6)*
- *Insurance claims and benefits, ceded*	*19.5*	*2.0*		*21.5*			*21.5*
Insurance claims and benefits, net	(5,570.5)	(2,314.4)		(7,884.9)		1.8	(7,883.1)
Charges related to unit-linked contracts	588.2			588.2			588.2
Financing costs	(89.6)	(35.7)	1.0	(124.3)	(29.6)	31.4	(122.5)
Change in impairments	(122.4)	(12.2)		(134.6)			(134.6)
Change in provisions	(4.5)	(2.3)		(6.8)	(3.5)		(10.3)
Fee and commission expenses	(334.8)	(712.7)		(1,047.5)			(1,047.5)
Staff expenses	(384.8)	(393.8)		(778.6)	(30.7)		(809.3)
Other expenses	(636.8)	(491.3)	15.8	(1,112.3)	(62.0)	16.4	(1,157.9)
Total expenses	(6,555.2)	(3,962.4)	16.8	(10,500.8)	(125.8)	49.6	(10,577.0)
Result before taxation	786.5	436.8	(0.2)	1,223.1	26.7	(0.1)	1,249.7
Tax income (expenses)	(138.2)	(100.3)	0.1	(238.4)	(14.4)		(252.8)
Net result for the period	648.3	336.5	(0.1)	984.7	12.3	(0.1)	996.9
Attributable to non-controlling interests	140.3	47.5		187.8			187.8
Net result attributable to shareholders	508.0	289.0	(0.1)	796.9	12.3	(0.1)	809.1
Total income from external customers	7,316.7	4,396.1	23.6	11,736.4	90.3		11,826.7
Total income internal	25.0	3.1	(40.6)	(12.5)	62.2	(49.7)	
Total income	7,341.7	4,399.2	(17.0)	11,723.9	152.5	(49.7)	11,826.7
Non-cash expenses (excl. depreciation & amortisation)					(3.5)		(3.5)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be presented as follows.

2018	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total
Gross premium income	4,794.0	4,067.4	(0.1)	8,861.3		(1.3)	8,860.0
Inflow deposit accounting	1,201.3			1,201.3			1,201.3
Gross inflow	5,995.3	4,067.4	(0.1)	10,062.6		(1.3)	10,061.3

8.12 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes net earned premiums, fees and allocated investment income and realised capital gains or losses minus net claims and benefits and all operating expenses, including claim handling expenses, investment expenses, commissions and other expenses, allocated to insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships. The definitions of the alternative performance measures are explained below the tables.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities), and Other.

The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	4,525.7		1,803.3				6,329.0			6,329.0
Gross inflow Non-life	2,086.0	1,374.6	737.0		1,688.5	(1,667.6)	4,218.5		(1.9)	4,216.6
Operating costs	(597.0)	(214.6)	(197.1)		(1.5)	(0.1)	(1,010.3)			(1,010.3)
- *Guaranteed products*	*422.9*		*76.7*				*499.6*			*499.6*
- *Unit linked products*	*36.2*		*7.9*				*44.1*			*44.1*
Life operating result	459.1		84.6				543.7			543.7
- *Accident & Health*	*48.2*	*(4.8)*	*39.2*		*(14.4)*	*0.1*	*68.3*			*68.3*
- *Motor*	*52.8*	*64.2*	*10.2*		*(29.9)*	*(4.9)*	*92.4*			*92.4*
- *Fire and other damage to property*	*56.1*	*24.5*	*20.9*		*14.7*	*0.3*	*116.5*			*116.5*
- *Other*	*61.1*	*9.6*	*5.9*		*8.2*	*3.4*	*88.2*		*(3.7)*	*84.5*
Non-life operating result	218.2	93.5	76.2		(21.4)	*(1.1)*	365.4		(3.7)	361.7
Operating result	677.3	93.5	160.8		(21.4)	(1.1)	909.1		(3.7)	905.4
Share in result of associates non allocated		13.1	17.5	545.2		0.1	575.9	1.7		577.6
Other result, including brokerage	108.8	(24.0)	(2.4)	(30.1)	6.0	1.0	59.3	(109.1)	(0.5)	(50.3)
Result before taxation	786.1	82.6	175.9	515.1	(15.4)		1,544.3	(107.4)	(4.2)	1,432.7
Key performance indicators Life										
Net underwriting margin	(0.03%)		0.05%				(0.02%)			(0.02%)
Investment margin	0.84%		0.49%				0.77%			0.77%
Operating margin	0.81%		0.54%				0.75%			0.75%
- *Operating margin Guaranteed products*	*0.88%*		*0.90%*				*0.88%*			*0.88%*
- *Operating margin Unit linked products*	*0.40%*		*0.11%*				*0.28%*			*0.28%*
Life cost ratio in % of Life technical liabilities (annualised)	0.41%		0.41%				0.41%			0.41%
Key performance indicators Non-life										
Expense ratio	36.6%	64.1%	33.1%		24.4%		35.3%			35.3%
Claims ratio	55.5%	25.3%	55.3%		77.9%		59.7%			59.7%
Combined ratio	92.1%	89.4%	88.4%		102.3%		95.0%			95.0%
Operating margin	14.3%	18.9%	16.0%		(1.5%)		9.4%			9.3%
Technical Insurance liabilities	65,333.1	2,630.2	17,054.7		1,023.1	(990.0)	85,051.1		(11.5)	85,039.6

The claims and expense ratio in the UK segment in 2019 have been impacted largely by the loss portfolio transfer contracts following the internal reinsurance programme that was put in place as from Q1 2019.

2018	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	4,146.0		1,849.2			0.1	5,995.3			5,995.3
Gross inflow Non-life	2,000.1	1,388.4	676.6		61.1	(58.8)	4,067.4		(1.3)	4,066.1
Operating costs	(571.6)	(224.0)	(176.3)		(2.5)	0.1	(974.3)			(974.3)
- *Guaranteed products*	*406.2*		*87.9*				*494.1*			*494.1*
- *Unit linked products*	*32.0*		*6.9*				*38.9*			*38.9*
Life operating result	438.2		94.8				533.0			533.0
- *Accident & Health*	*46.8*	*(2.4)*	*43.9*		*0.9*		*89.2*			*89.2*
- *Motor*	*81.4*	*92.2*	*(1.8)*		*0.4*		*172.2*			*172.2*
- *Fire and other damage to property*	*39.3*	*(0.6)*	*14.1*		*3.4*		*56.2*			*56.2*
- *Other*	*55.2*	*3.4*	*(1.3)*		*1.1*	*0.1*	*58.5*			*58.5*
Non-life operating result	222.7	92.6	54.9		5.8	0.1	376.1			376.1
Operating result	660.9	92.6	149.7		5.8	0.1	909.1			909.1
Share in result of associates non allocated		11.2	22.3	196.7			230.2	1.7	0.1	232.0
Other result, including brokerage	87.1	3.3	18.8	(27.1)	1.8	(0.1)	83.8	25.0	(0.2)	108.6
Result before taxation	748.0	107.1	190.8	169.6	7.6		1,223.1	26.7	(0.1)	1,249.7
Key performance indicators Life										
Net underwriting margin	0.01%		0.19%				0.05%			0.05%
Investment margin	0.78%		0.41%				0.69%			0.69%
Operating margin	0.79%		0.60%				0.74%			0.74%
- *Operating margin Guaranteed products*	*0.85%*		*1.08%*				*0.88%*			*0.88%*
- *Operating margin Unit linked products*	*0.40%*		*0.09%*				*0.25%*			*0.25%*
Life cost ratio in % of Life technical liabilities (annualised)	0.40%		0.39%				0.40%			0.40%
Key performance indicators Non-life										
Expense ratio	37.4%	36.6%	29.7%		23.5%		35.8%			35.8%
Claims ratio	56.0%	60.2%	62.7%		59.1%		58.5%			58.5%
Combined ratio	93.4%	96.8%	92.4%		82.6%		94.3%			94.3%
Operating margin	11.5%	7.0%	9.2%		17.4%		9.7%			9.7%
Technical Insurance liabilities	61,254.9	2,559.5	16,973.2		29.4	(24.5)	80,792.5		(9.2)	80,783.3

Definitions of alternative performance measures in the tables:

Net underwriting result	:	The difference between the net earned premiums and the sum of the actual claim payments and the change in insurance liabilities, both net of reinsurance. The result is presented net of allocated claim handling expenses, general expenses, commissions and reinsurance.
Net underwriting margin	:	For Life the net annualised underwriting result divided by the average net Life insurance liabilities during the reporting period. For Non-life the net underwriting result divided by the net earned premium.
Net investment result	:	The sum of investment income and realised capital gains or losses on assets covering insurance liabilities, after deduction of related investment expenses. The investment results in Life is also adjusted for the amount that is allocated to the policyholders as technical interest and profit sharing. The investment results in Accident & Life (part of Non-life) is also corrected for the technical interest that has been accrued to the insurance liabilities.
Net investment margin	:	For Life the annualised investment result divided by the average net Life insurance liabilities during the reporting period. For Non-life the investment result divided by the net earned premium.
Net operating result	:	The sum of net underwriting result, investment result and other result allocated to the insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to the insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships.
Net operating margin	:	For Life the annualised operating result of the period divided by the average net Life insurance liabilities. For Non-life the operating result divided by the net earned premium.
Net earned premium	:	The written premiums of Non-life covering the risks for the current period netted for the premiums paid to reinsurers and the change in unearned premiums reserves.
Expense ratio	:	The expenses as a percentage of net earned premiums. Included in expenses are internal costs of claims handling commissions, net of reinsurance.
Claims ratio	:	The cost of claims, net of reinsurance, as a percentage of net earned premiums.
Combined ratio	:	A measure of profitability in Non-life which is the ratio between the insurer's total expenses and net earned premiums. This is insurer's total expenses as a percentage of net earned premiums. This is the sum of the claims ratio and the expense ratio.

Notes to the Consolidated statement of financial position

D

09

Cash and Cash Equivalents

Cash includes cash on hand, current accounts and other financial instruments with a term of less than three months from the date on which they were acquired.

The composition of cash and cash equivalents as at 31 December is as follows.

	31 December 2019	31 December 2018
Cash on hand	2.6	2.8
Due from banks	3,587.8	2,696.6
Other	155.0	225.4
Total cash and cash equivalents	3,745.4	2,924.8

10

Financial investments

The composition of financial investments is as follows.

	31 December 2019	31 December 2018
Financial investments		
- Held to maturity	4,437.9	4,505.5
- Available for sale	59,569.7	56,861.8
- Held at fair value through profit or loss	253.7	332.0
- Derivatives held for trading	10.1	9.9
Total, gross	64,271.4	61,709.2
Impairments:		
- of investments available for sale	(269.1)	(266.6)
Total impairments	(269.1)	(266.6)
Total	64,002.3	61,442.6

10.1 Investments held to maturity

	Government bonds	Total
Investments held to maturity at 1 January 2018	4,559.5	4,559.5
Maturities	(49.7)	(49.7)
Sales	(5.9)	(5.9)
Amortisation	1.6	1.6
Investments held to maturity at 31 December 2018	4,505.5	4,505.5
Maturities	(65.9)	(65.9)
Amortisation	(1.7)	(1.7)
Investments held to maturity at 31 December 2019	4,437.9	4,437.9
Fair value at 31 December 2018	6,455.3	6,455.3
Fair value at 31 December 2019	6,878.3	6,878.3

The fair value of government bonds classified as investments held to maturity is based on quoted prices in active markets (level 1).

In the following table the government bonds classified as held to maturity as at 31 December are detailed by country of origin.

31 December 2019	Historical/amortised cost	Fair value
Belgian national government	4,320.7	6,699.1
Portuguese national government	117.2	179.2
Total	4,437.9	6,878.3
31 December 2018		
Belgian national government	4,328.3	6,223.1
Portuguese national government	177.2	232.2
Total	4,505.5	6,455.3

10.2 Investments available for sale

31 December 2019	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,562.6	6,382.4	(23.6)	33,921.4		33,921.4
Corporate debt securities	19,167.6	1,534.5	(9.0)	20,693.1	(20.2)	20,672.9
Structured credit instruments	54.8	3.0	(0.3)	57.5	(0.2)	57.3
Available for sale investments in debt securities	46,785.0	7,919.9	(32.9)	54,672.0	(20.4)	54,651.6
Private equities and venture capital	83.3	20.5	(0.5)	103.3		103.3
Equity securities	4,044.5	763.9	(17.3)	4,791.1	(248.6)	4,542.5
Other investments	3.2			3.2		3.2
Available for sale investments in equity securities and other investments	4,131.0	784.4	(17.8)	4,897.6	(248.6)	4,649.0
Total investments available for sale	50,916.0	8,704.3	(50.7)	59,569.6	(269.0)	59,300.6

31 December 2018	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,794.4	4,694.7	(81.1)	32,408.0		32,408.0
Corporate debt securities	18,749.8	1,050.3	(103.6)	19,696.5	(20.3)	19,676.2
Structured credit instruments	44.3	4.1		48.4		48.4
Available for sale investments in debt securities	46,588.5	5,749.1	(184.7)	52,152.9	(20.3)	52,132.6
Private equities and venture capital	66.6	16.0		82.6		82.6
Equity securities	4,282.2	440.5	(100.3)	4,622.4	(246.3)	4,376.1
Other investments	3.9			3.9		3.9
Available for sale investments in equity securities and other investments	4,352.7	456.5	(100.3)	4,708.9	(246.3)	4,462.6
Total investments available for sale	50,941.2	6,205.6	(285.0)	56,861.8	(266.6)	56,595.2

An amount of EUR 1,369.5 million of the investments available for sale has been pledged as collateral (2018: EUR 1,229.6 million) (see also note 21 Borrowings).

The valuation of investments available for sale is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation at year-end is as follows.

31 December 2019	Level 1	Level 2	Level 3	Total
Government bonds	33,588.9	332.5		33,921.4
Corporate debt securities	19,273.6	900.1	499.2	20,672.9
Structured credit instruments	9.0	43.8	4.5	57.3
Equity securities, private equities and other investments	2,442.7	1,428.2	778.1	4,649.0
Total Investments available for sale	55,314.2	2,704.6	1,281.8	59,300.6

31 December 2018	Level 1	Level 2	Level 3	Total
Government bonds	32,376.3	31.7		32,408.0
Corporate debt securities	18,460.8	733.7	481.7	19,676.2
Structured credit instruments	33.1	5.9	9.4	48.4
Equity securities, private equities and other investments	2,248.3	1,483.9	730.4	4,462.6
Total Investments available for sale	53,118.5	2,255.2	1,221.5	56,595.2

The changes in level 3 valuation are as follows.

	2019	2018
Balance as at 1 January	1,221.5	734.8
Maturity/redemption or repayment	(15.6)	(7.6)
Acquired	113.7	501.5
Proceeds from sales	(92.8)	(8.5)
Realised gains (losses)	2.1	5.3
Impairments	(4.3)	
Unrealised gains (losses)	57.2	(4.0)
Balance as at 31 December	1,281.8	1,221.5

Level 3 valuations for private equities and venture capital use fair values disclosed in the audited financial statements of the relevant participations. Level 3 valuations for equities and asset-backed securities use a discounted cash flow methodology. Expected cash flows take into account original underwriting criteria, borrower attributes (such as age and credit scores), loan-to-value ratios, expected house price movements and expected prepayment rates etc. Expected cash flows are discounted at risk-adjusted rates. Market participants often use such discounted cash flow techniques to price private equities and venture capital. We rely also on these quotes to a certain extent when valuing these instruments. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

The level 3 positions are mainly sensitive to a change in the level of expected future cash flows and, accordingly, their fair values vary in proportion to changes of these cash flows. The changes in value of the level 3 instruments are accounted for in other comprehensive income.

Government bonds detailed by country of origin

Government bonds as at 31 December detailed by country of origin are as follows.

31 December 2019	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,386.4	2,743.2	14,129.6
French national government	4,982.1	1,362.4	6,344.5
Portuguese national government	2,321.9	426.6	2,748.5
Austrian national government	2,131.0	512.1	2,643.1
Spanish national government	1,899.9	327.8	2,227.7
Italian national government	1,178.8	322.5	1,501.3
German national government	888.6	300.6	1,189.2
Dutch national government	481.0	85.0	566.0
Irish national government	402.0	47.8	449.8
British national government	291.7	14.4	306.1
Polish national government	298.5	59.7	358.2
Slovakian national government	208.1	43.7	251.8
Czech Republic national government	150.9	3.0	153.9
Finnish national government	115.1	21.6	136.7
US national government	16.4		16.4
Other national governments	810.2	88.4	898.6
Total	27,562.6	6,358.8	33,921.4

31 December 2018	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,727.6	1,925.3	13,652.9
French national government	5,191.8	1,120.9	6,312.7
Austrian national government	2,181.0	442.1	2,623.1
Portuguese national government	2,132.9	282.5	2,415.4
Spanish national government	1,654.4	110.7	1,765.1
Italian national government	1,088.0	156.1	1,244.1
German national government	875.6	290.6	1,166.2
Dutch national government	471.0	76.2	547.2
Irish national government	507.2	36.4	543.6
British national government	446.2	3.8	450.0
Polish national government	299.1	52.2	351.3
Slovakian national government	208.2	37.4	245.6
Czech Republic national government	150.6	9.5	160.1
Finnish national government	117.8	23.7	141.5
US national government	20.2	(0.1)	20.1
Other national governments	722.8	46.3	769.1
Total	27,794.4	4,613.6	32,408.0

The table below shows net unrealised gains and losses on investments available for sale included in equity. Equity securities and other investments also include private equities and venture capital.

	31 December 2019	31 December 2018
Available for sale investments in debt securities:		
Carrying amount	54,651.6	52,132.6
Gross unrealised gains and losses	7,887.0	5,564.4
- Related tax	(2,006.1)	(1,433.3)
Shadow accounting	(3,546.9)	(1,697.9)
- Related tax	929.4	447.8
Net unrealised gains and losses	3,263.4	2,881.0

	31 December 2019	31 December 2018
Available for sale investments in equity securities and other investments:		
Carrying amount	4,649.0	4,462.6
Gross unrealised gains and losses	766.6	356.2
- Related tax	(66.7)	(34.0)
Shadow accounting	(304.8)	(132.5)
- Related tax	68.2	35.3
Net unrealised gains and losses	463.3	225.0

The changes in impairments of investments available for sale are as follows.

	31 December 2019	31 December 2018
Balance as at 1 January	(266.6)	(204.3)
Increase in impairments	(46.7)	(90.6)
Reversal on sale/disposal	42.9	28.9
Foreign exchange differences and other adjustments	1.4	(0.6)
Balance as at 31 December	(269.0)	(266.6)

10.3 Investments held at fair value through profit or loss

The following table provides information as at 31 December about investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	31 December 2019	31 December 2018
Government bonds	0.9	0.8
Corporate debt securities	119.4	189.7
Structured credit instruments	5.9	6.0
Debt securities	126.2	196.5
Other investments	127.5	135.5
Equity securities and other investments	127.5	135.5
Total investments held at fair value through profit or loss	253.7	332.0

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are linked to the performance of these assets, either contractually or on the basis of discretionary participation and whose measurement incorporates current information. This measurement significantly reduces an accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The nominal value of the debt securities held at fair value through profit or loss as at 31 December 2019 is EUR 127.2 million (31 December 2018: EUR 197.3 million).

The valuation of investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation at year-end is as follows.

31 December 2019	Level 1	Level 2	Level 3	Total
Government Bonds	0.9			0.9
Corporate debt securities		119.4		119.4
Structured credit instruments		5.9		5.9
Other investments	127.6	(0.1)		127.5
Total Investments held at fair value through profit or loss	128.5	125.2		253.7

31 December 2018	Level 1	Level 2	Level 3	Total
Government Bonds	0.8			0.8
Corporate debt securities	0.1	189.6		189.7
Structured credit instruments		6.0		6.0
Other investments	135.5			135.5
Total Investments held at fair value through profit or loss	136.4	195.6		332.0

10.4 Derivatives held for trading

Derivatives held for trading are based on level 2 valuation (observable inputs from active markets). See also note 27 Derivatives for further details.

10.5 Interests in unconsolidated structured entities

AG Insurance, a subsidiary of Ageas Group, holds notes which represents an interest (through the receipt of principal and interest) in a structured entity that it does not consolidate. The structured entity invests in mortgage receivables and lease receivables and generates funds through the issuance of notes or units.

These structured notes and units are recorded in 'Investments available for sale'. Next to the notes and units, AG Insurance does not hold any other interest in these structured entities. The maximum loss exposure AG Insurance has is limited to the carrying amount of the notes or units held.

The carrying amount of interest held by AG Insurance in the Fund of mortgage loans amounts to EUR 471.2 million at 31 December 2019 (EUR 481.7 million at 31 December 2018). The carrying amount of interest held by AG Insurance in Lease-backed receivables amounts to EUR 18.7 million at 31 December 2019.

Total assets of the structured entity amounts to EUR 819.2 million at 31 December 2019 and EUR 481.7 million at 31 December 2018.

The Fund of mortgage loans is fully detained by AG Insurance, and the total assets of the Lease-backed receivables amounts to EUR 348 million at 31 December 2019.

11

Investment property

Investment property mainly comprises office buildings and retail space.

The following table shows the changes in investment property in the year ended 31 December.

	31 December 2019	31 December 2018
Investment property	2,607.4	2,752.3
Impairments of investment property	(4.9)	(25.0)
Total investment property	2,602.5	2,727.3

	2019	2018
Acquisition cost as at 1 January	3,483.7	3,447.3
Change in accounting policy	1.1	
Acquisitions/divestments of subsidiaries	32.6	72.0
Additions/purchases	37.3	64.6
Capital improvements	64.9	46.0
Disposals	(236.3)	(56.8)
Foreign exchange differences	0.5	(0.2)
Other	(46.9)	(89.2)
Acquisition cost as at 31 December	3,336.9	3,483.7
Accumulated depreciation as at 1 January	(731.4)	(756.0)
Acquisitions/divestments of subsidiaries	11.0	32.0
Depreciation expense	(91.3)	(98.5)
Reversal of depreciation due to disposals	65.4	43.6
Transfer from (to) property, plant and equipment		
Other	16.8	47.5
Accumulated depreciation as at 31 December	(729.5)	(731.4)
Accumulated impairments as at 1 January	(25.0)	(42.2)
Acquisitions/disposals of subsidiaries	12.0	0.8
Increase in impairments	(1.6)	(4.1)
Reversal of impairments	0.6	0.2
Reversal of impairments due to disposals	9.1	
Other		20.3
Accumulated impairments as at 31 December	(4.9)	(25.0)
Net investment property as at 31 December	2,602.5	2,727.3

As at 31 December 2019 and 31 December 2018, no property was pledged as collateral (see also note 21 Borrowings).

Annual appraisals, whereby the independent appraisers are rotated every three years, cover almost all of the investment properties. Fair values (level 3) are based on non-observable market data and/or discounted cash flows. Expected property cash flows take into account expected rental income growth rates, void periods, occupancy rates, lease incentive costs, such as rent-free periods, and other costs not paid by tenants. Expected net cash flows are then discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. For development property (i.e. under construction), the fair value is set to cost until the property is operational.

The fair value of investment property is set out below

	31 December 2019	31 December 2018
Fair values supported by market evidence	154.5	132.6
Fair value subject to an independent valuation	3,718.6	3,902.4
Total fair value of investment property	3,873.1	4,035.0
Total carrying amount (including lease liability)	2,570.2	2,727.3
Gross unrealised gains (losses)	1,302.9	1,307.7
Unrealised gains (losses) to policyholders	(36.4)	(34.3)
Taxation	(324.5)	(321.4)
Net unrealised gains (losses) (not recognised in equity)	942.0	952.0

Property rented out under operating lease

Ageas rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. As at 31 December the minimum payments to be received from irrevocable lease agreements amounted to:

	2019	2018
Less than 3 months	56.3	56.3
3 months to 1 year	160.3	151.8
1 year to 2 years	186.9	176.4
2 years to 3 years	137.4	136.7
3 years to 4 years	109.9	113.0
4 years to 5 years	93.6	102.6
More than 5 years	711.2	654.6
Total undiscouted lease payments receivable	1,455.6	1,391.4

An amount of EUR 72.7 million in 2019 of the total minimum payments to be received from irrevocable lease agreements relates to property, plant and equipment (2018: EUR 65.7 million). The remainder relates to investment property.

Interests in unconsolidated structured entities

In prior years, AG Real Estate sponsored a number of real estate certificates that represent a market capitalisation of EUR 20.6 million on 31 December 2019. Such certificates are investment property-backed securitisation vehicles that are self-funding through debt certificate issues. Certificates may or may not be listed on the stock exchange and offer a variable return, i.e. the net income from the property as well as the proceeds upon sale. AG Real Estate does not consolidate these securitisation vehicles, having transferred control, including all risk and rewards, to the certificate holders. We only provide asset management or property management services, earning a market-consistent fee for providing such services.

AG Real Estate has sponsored Ascencio SCA, a listed REIT (hereafter 'the fund'), through its 49% equity interest in Ascencio SA, the statutory manager of the fund. This interest, which was sold in 2018, was classified under 'Investments in associates' and accounted under the equity method. AG Real Estate still owns 13.1% of the shares in the fund, classified under 'Investments available for sale'.

Other than those listed below, AG Real Estate does not hold any significant interest in the certificates it has issued. As equity or bond holders, AG Real Estate's maximum loss exposure to these certificates is limited to the carrying value of those instruments in its Statement of financial position.

		2019		2018
	Ownership	Amount	Ownership	Amount
Woluwe extension	19.4%	0.7	19.4%	1.8
Ascencio SCA	13.1%	47.7	13.1%	43.1

12

Loans

The composition of loans is as follows.

	31 December 2019	31 December 2018
Government and official institutions	4,966.4	4,648.4
Commercial loans	3,978.9	2,690.2
Residential mortgages	1,176.4	1,178.0
Policyholder loans	402.7	347.0
Interest bearing deposits	70.0	420.0
Loans to banks	505.7	532.9
Total	11,100.1	9,816.5
Less impairments	(28.1)	(28.0)
Total Loans	11,072.0	9,788.5

12.1 Commercial loans

The composition of commercial loans is as follows.

	31 December 2019	31 December 2018
Real Estate	232.0	143.3
Infrastructure	1,112.2	895.3
Corporate	88.3	82.8
Finance Lease Receivables	163.8	71.2
Other	2,382.6	1,497.6
Total commercial loans	3,978.9	2,690.2

Ageas has granted credit lines for a total amount of EUR 1,947 million (31 December 2018: EUR 1,080 million). The increase in the line ‘Other’ is mainly related to the investments in the structured entities (see section “Interests in unconsolidated structured entities” in this note).

12.2 Collateral on loans

The following table provides details of collateral and guarantees received as security for loans.

Total credit exposure loans	2019	2018
Carrying amount	11,072.0	9,788.5
Collateral received		
Financial instruments	367.5	339.7
Property, plant and equipment	2,094.7	2,104.2
Other collateral and guarantees	84.3	174.7
Unsecured exposure	8,525.5	7,169.9
Collateral amounts in excess of credit exposure 1)	1,044.0	1,090.1

1) Collateral amounts in excess of credit exposure relate to loans for which the collateral is higher than the underlying individual loan.

12.3 Impairments on loans

Changes in the impairments on loans are as follows.

	2019		2018	
	Specific credit risk	IBNR	Specific credit risk	IBNR
Balance as at 1 January	27.2	0.8	9.9	0.8
Increase in impairments	3.5		21.0	
Release of impairments	(3.3)		(2.1)	
Write-offs of uncollectible loans	(0.1)		(1.6)	
Foreign exchange differences and other adjustments	0.1	(0.1)		
Balance as at 31 December	27.4	0.7	27.2	0.8

The following table provides details of collateral and guarantees received as security for impaired loans.

Total impaired credit exposure on loans	2019	2018
Impaired outstanding	61.4	59.2
Collateral received		
Property, plant and equipment	74.6	49.9
Collateral and guarantees in excess of impaired credit exposure 1)	34.7	13.5

1) Collateral amounts in excess of credit exposure relate to loans for which the collateral is higher than the underlying individual loan.

Interests in unconsolidated structured entities

AG Insurance, together with Ageas France and Ageas Portugal hold notes which represents interests (through the receipt of principal and interest) in structured entities that Ageas group does not consolidate. The structured entities invest in mortgage receivables and generates funds through the issuance of notes.

Next to the notes, AG Insurance, Ageas France and Ageas Portugal do not hold any other interest in these structured entities. The maximum loss exposure AG Insurance, Ageas France and Ageas Portugal have is limited to the carrying amount of the notes held (EUR 824.2 million at 31 December 2019).

13

Investments and Share in result of associates

The following table provides an overview of the most significant investments in associates. The percentage of interest may vary in case there are several associates in one country with different shareholdings' percentages held by the group.

		% interest	2019 Carrying amount	2018 Carrying amount
Associates				
Taiping Holdings	China	12.0% - 24.9%	1,742.4	1,150.9
Muang Thai Group Holding	Thailand	7.8% - 30.9%	1,499.4	687.5
Maybank Ageas Holding Berhad	Malaysia	31.0%	479.8	426.8
BG1	Belgium	50.0%	94.4	97.0
Tesco Insurance Ltd	UK	50.1%	97.4	92.7
Aksigorta	Turkey	36.0%	82.6	83.8
DTHP	Belgium	33.0%	76.1	82.0
East West Ageas Life	Philippines	50.0%	57.1	53.7
Pleyel	Belgium	56.5%	33.0	48.3
IDBI Federal Life Insurance	India	26.0%	29.9	26.6
Royal Sundaram General Insurance Company Limited	India	40.0%	189.5	
EPB NV (Eurocommercial properties)	Belgium	25.6%	50.8	
MB Ageas Life JSC	Vietnam	32.0%	14.1	11.4
Royal Park Investments	Belgium	44.7%	6.8	6.9
Other			262.7	303.4
Total			4,716.0	3,071.0

The increase in the carrying amount in 2019 of Muang Thai Group Holding is linked to the fair value adjustments on the government bonds that are classified as "available for sale" investments.

Royal Sundaram General Insurance Company Limited in India was acquired by Ageas Group in February 2019. (See note 3 Acquisitions and disposals for more details).

The details of the associates are as follows.

2019	Total assets (100% interest)	Total liabilities (100% interest)	Equity (100% interest)	Share in equity of associates (Ageas share)	Total income (100% interest)	Total expenses (100% interest)	Net result (100% interest)	Share in result of associates (Ageas share)	Dividend received
Taiping Holdings	77,474.4	70,362.2	7,112.2	1,739.0	21,119.7	(19,360.1)	1,759.6	438.0	58.8
Muang Thai Group Holding	19,342.8	14,430.8	4,912.0	1,461.7	3,096.4	(2,878.9)	217.5	66.1	25.7
Maybank Ageas Holding Berhad	7,948.5	6,467.3	1,481.2	458.5	1,942.8	(1,799.7)	143.1	44.3	16.3
BG1	216.5	27.8	188.7	94.4	11.1	(7.6)	3.5	1.8	
Tesco Insurance Ltd	1,110.8	916.5	194.3	97.4	317.6	(291.4)	26.2	13.1	17.7
DTHP	911.6	681.0	230.6	76.1	69.8	(95.5)	(25.7)	(8.5)	
East West Ageas Life	170.0	56.0	114.0	57.1	39.3	(51.6)	(12.3)	(6.1)	
Pleyel	247.1	66.3	180.8	33.0	5.3	(9.9)	(4.6)	(2.6)	
Aksigorta	693.2	578.0	115.2	41.4	469.9	(421.2)	48.7	17.5	12.7
IDBI Federal Life Insurance	1,287.5	1,172.5	115.0	29.9	332.2	(312.5)	19.7	5.1	3.1
Royal Sundaram General Insurance Company	784.5	652.1	132.4	53.0	263.8	(274.9)	(11.1)	(4.4)	
EPB NV (Eurocommercial properties)	565.1	367.0	198.1	50.8	6.1	(5.5)	0.6	0.2	
MB Ageas Life JSC	104.8	60.8	44.0	14.1	84.6	(77.4)	7.2	2.3	
Royal Park Investments	15.1		15.1	6.8	7.4	(3.6)	3.8	1.7	1.9
Related Goodwill				240.1					
Other				262.7				54.4	18.6
Total				4,716.0				622.9	154.8

2018	Total assets (100% interest)	Total liabilities (100% interest)	Equity (100% interest)	Share in equity of associates (Ageas share)	Total income (100% interest)	Total expenses (100% interest)	Net result (100% interest)	Share in result of associates (Ageas share)	Dividend received
Taiping Holdings	61,363.8	56,624.8	4,739.0	1,147.5	16,653.1	(16,284.7)	368.4	89.7	67.4
Muang Thai Group Holding	14,091.2	11,829.4	2,261.8	653.5	3,076.0	(2,837.9)	238.1	71.9	18.3
Maybank Ageas Holding Berhad	6,837.8	5,525.7	1,312.1	406.1	1,323.3	(1,185.4)	137.9	42.7	16.0
BG1	223.4	29.5	193.9	97.0	10.9	(8.6)	2.3	1.2	
Tesco Insurance Ltd	1,157.3	972.2	185.1	92.7	374.0	(351.6)	22.4	11.2	11.8
DTHP	909.4	661.0	248.4	82.0	63.2	(79.5)	(16.3)	(5.4)	
East West Ageas Life	137.1	30.1	107.0	53.5	21.9	(34.9)	(13.0)	(6.5)	
Evergreen	253.4	123.8	129.6	46.3	18.0	(11.9)	6.1	2.2	
Aksigorta	583.7	477.0	106.7	38.4	401.3	(363.9)	37.4	13.5	9.6
IDBI Federal Life Insurance	1,048.6	946.4	102.2	26.6	280.5	(270.2)	10.3	2.7	
Predirec	76.5		76.5	22.6	2.5		2.5	0.7	
MB Ageas Life JSC	72.9	37.3	35.6	11.4	49.7	(61.1)	(11.4)	(3.7)	
Royal Park Investments	16.7	1.3	15.4	6.9	6.5	(3.0)	3.5	1.6	12.5
Cardif Lux Vie					99.1	(72.7)	26.4	8.8	9.0
Related Goodwill				104.3					
Other				282.3				20.9	24.1
Total				3,071.0				251.5	168.7

Equity associates are subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those equity associates operate. Dividend payments of associates are sometimes subject to shareholder agreements with the partners in the company. In certain situations, consensus is required before dividend is declared.

In addition, shareholder agreements (related to parties having an interest in a company in which Ageas has a non-controlling interest) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without prior approval of the other parties involved;
- options to sell or resell shares to the other party/parties involved in the shareholder agreement, including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares additional revenues when certain objectives are realised;
- exclusivity clauses or non-compete clauses related to the sales of insurance products.

Royal Park Investments

After the disposal of the assets and settlement of the liabilities, the remaining activity of RPI is essentially limited to the management of litigation initiated against a number of US financial institutions.

14

Reinsurance and other receivables

The table below shows the components of reinsurance and other receivables.

	31 December 2019	31 December 2018
Reinsurers' share of liabilities arising from insurance and investment contracts	728.7	659.8
Receivables from policyholders	425.2	420.6
Fees and commissions receivable	76.5	86.5
Receivables from intermediaries	337.2	318.1
Reinsurance receivables	47.0	45.6
Other	294.5	361.5
Total gross	1,909.1	1,892.1
Impairments	(49.1)	(49.0)
Total net	1,860.0	1,843.1

The line 'Other' includes VAT and other indirect taxes. At 31 December 2019, it also included the advance payment of EUR 8.5 million (31 December 2018: EUR 77 million) to the Stichting Forsettlement (see note 25 Provisions).

Changes in impairments of reinsurance and other receivables

The following table shows the changes in the impairments of reinsurance and other receivables.

	2019	2018
Balance as at 1 January	49.0	47.8
Increase in impairments	3.6	1.3
Release of impairments	(1.1)	(0.3)
Write-offs of uncollectible amounts	(2.2)	(1.2)
Foreign exchange differences and other adjustments	(0.2)	1.4
Balance as at 31 December	49.1	49.0

Changes in the reinsurer's share of liabilities arising from insurance and investment contracts

A roll-forward of the reinsurer's share of liabilities arising from insurance and investment contracts is provided below.

	2019	2018
Balance as at 1 January	659.8	713.9
Change in liabilities current year	46.5	52.6
Change in liabilities prior years	(36.0)	(80.3)
Claims paid current year	27.8	(2.0)
Claims paid prior years	(26.5)	(32.0)
Other net additions through income statement	39.7	10.3
Foreign exchange differences and other adjustments	17.4	(2.7)
Balance as at 31 December	728.7	659.8

15

Accrued interest and other assets

The table below shows the components of accrued interest and other assets.

	31 December 2019	31 December 2018
Deferred acquisition cost	424.6	407.8
Deferred other charges	88.3	84.5
Accrued income	1,103.8	1,128.7
Derivatives held for hedging purposes	0.3	27.5
Property intended for sale	194.3	125.5
Defined benefit assets	50.4	22.6
Other	50.1	41.7
Total gross	1,911.8	1,838.3
Impairments	(1.0)	(1.2)
Total net	1,910.8	1,837.1

Accrued income consists mainly of accrued interest income on government bonds (2019: EUR 696 million; 2018: EUR 722 million) and corporate bonds (2019: EUR 266 million; 2018: EUR 275 million).

Deferred acquisition costs

Changes in deferred acquisition costs related to insurance and investment contracts are shown below.

	2019	2018
Balance as at 1 January	407.8	412.1
Capitalised deferred acquisition costs	253.6	329.3
Depreciation expense	(241.0)	(331.4)
Other purchases and sales of activities	(0.2)	
Other adjustments including exchange rate differences	4.4	(2.2)
Balance as at 31 December	424.6	407.8

16

Property, plant and equipment

Property, plant and equipment include office buildings and public car parks.

The table below shows the carrying amount for each category of property, plant and equipment.

	31 December 2019	31 December 2018
Car Parks	1,348.6	943.9
Land and buildings held for own use	223.0	161.5
Leasehold improvements	27.6	26.1
Equipment, motor vehicles and IT equipment	117.3	103.1
Buildings under construction	2.1	
Total	1,718.6	1,234.6

Changes in property, plant and equipment

	Land & building held for own use and car parks		Equipment, motor vehicles and IT equipment	
2018	Own Property	Leased Property (right of use)	Own Property	Leased Property (right of use)
Acquisition cost as at 1 January	1,685.4		329.6	
Acquisitions/divestments of subsidiaries	38.6		5.2	
Additions	50.4		34.9	
Reversal of cost due to disposals			(5.9)	
Transfer from (to) investment property			0.1	
Foreign exchange differences	(0.4)		(0.6)	
Other	0.7		(0.3)	
Acquisition cost as at 31 December	1,774.7		363.0	
Accumulated depreciation as at 1 January	(619.9)		(227.8)	
Acquisitions/divestments of subsidiaries			(4.5)	
Depreciation expense	(39.3)		(32.2)	
Reversal of depreciation due to disposals			5.8	
Transfer from (to) investment property			(0.1)	
Foreign exchange differences			0.6	
Other	(0.3)		1.0	
Accumulated depreciation as at 31 December	(659.5)		(257.3)	
Accumulated impairments as at 1 January	(9.8)			
Increase in impairments charged to the income statement			(2.6)	
Accumulated impairments as at 31 December	(9.8)		(2.6)	
Total as at 31 December	1,105.4		103.2	

2019	Land & building held for own use and car parks: Own Property	Land & building held for own use and car parks: Leased Property (right of use)	Equipment, motor vehicles and IT equipment: Own Property	Equipment, motor vehicles and IT equipment: Leased Property (right of use)
Acquisition cost as at 1 January	1,774.7		363.0	
Change in accounting policy		468.2		22.4
Acquisitions/divestments of subsidiaries	0.5		0.1	
Additions	42.0	46.1	23.7	8.8
Reversal of cost due to disposals	(0.1)	1.7	(8.3)	(0.3)
Foreign exchange differences	2.9	0.7	3.9	(0.1)
Other	1.1	5.0	0.7	1.1
Acquisition cost as at 31 December	1,821.1	521.7	383.1	31.9
Accumulated depreciation as at 1 January	(659.5)		(257.3)	
Depreciation expense	(39.0)	(59.7)	(32.5)	(8.7)
Reversal of depreciation due to disposals	0.1	0.1	5.6	
Foreign exchange differences	(0.2)	(0.1)	(3.3)	
Other	4.7	(6.5)	(0.3)	
Accumulated depreciation as at 31 December	(693.9)	(66.2)	(287.8)	(8.7)
Accumulated impairments as at 1 January	(9.8)		(2.6)	
Increase in impairments	(1.2)	(3.6)	(1.2)	
Reversal of impairments	1.2			
Reversal of impairments due to disposals			2.6	
Other		2.3		
Accumulated impairments as at 31 December	(9.8)	(1.3)	(1.2)	
Total as at 31 December	1,117.4	454.2	94.1	23.2

An amount of EUR 178.0 million of property, plant and equipment has been pledged as collateral (31 December 2018: EUR 184.3 million).

Property, other than car parks, is externally appraised each year, whereby the independent appraisers are rotated every three years. Fair values are based on level 3 valuation.

Ageas determines car park fair values using in-house models that also use unobservable market data (level 3). The resulting fair values are calibrated based on available market data and/or transactions. Level 3 valuation techniques are used for measuring car parks primarily using discounted cash flows. Expected car park cash flows take into account expected inflation, and economic growth in individual car park areas, among other factors. The expected net cash flows are discounted using risk-adjusted discount rates. The discount rate estimation considers the quality of the car park and its location, among other factors.

Fair value of land and buildings held for own use and car parks

	31 December 2019	31 December 2018
Total fair value of Land and buildings held for own use and car parks	1,742.3	1,604.7
Total carrying amount (including lease liability)	1,118.1	1,105.4
Gross unrealised gains (losses)	624.2	499.3
Taxation	(168.3)	(139.9)
Net unrealised gains (losses) (not recognised in equity)	455.9	359.4

17

Goodwill and other intangible assets

The table below shows the carrying amount of Goodwill and other intangible assets.

	31 December 2019	31 December 2018
Goodwill	614.4	602.1
Public car park service concessions	431.2	327.3
VOBA	57.6	72.5
Software	39.0	34.1
Other intangible assets	60.6	61.1
Total	1,202.8	1,097.1

The main contributor to VOBA is Millenniumbcp Ageas.

Changes in goodwill, VOBA and Public car park service concessions are shown below.

	Goodwill		VOBA		Public Car Park Service Concessions	
	2019	2018	2019	2018	2019	2018
Acquisition cost as at 1 January	630.3	632.4	529.0	529.0	594.2	572.6
Change in accounting policy					48.5	
Acquisitions/divestments of subsidiaries					41.5	
Additions					40.0	22.3
Reversal of cost due to disposals					(38.9)	(0.7)
Foreign exchange differences	13.6	(2.1)				
Other					(1.4)	
Acquisition cost as at 31 December	643.9	630.3	529.0	529.0	683.9	594.2
Accumulated amortisation as at 1 January			(456.5)	(440.3)	(239.3)	(222.2)
Amortisation expense			(14.9)	(16.2)	(24.5)	(17.7)
Reversal of amortisation due to disposals					21.8	0.6
Other					(0.1)	
Accumulated amortisation as at 31 December			(471.4)	(456.5)	(242.1)	(239.3)
Accumulated impairments as at 1 January	(28.2)	(28.4)			(27.6)	(10.5)
Acquisitions/divestments of subsidiaries	0.2					
Increase in impairments					(0.1)	(17.1)
Reversal of impairments					17.1	
Foreign exchange differences	(1.5)	0.2				
Accumulated impairments as at 31 December	(29.5)	(28.2)			(10.6)	(27.6)
Total as at 31 December	614.4	602.1	57.6	72.5	431.2	327.3

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is the higher of the value in use and fair value less costs to sell. The type of acquired entity, the level of operational integration and common management, determines the definition of the CGU. Based on these criteria, Ageas has designated CGU's on country level.

The recoverable amount of a CGU is assessed by means of a discounted cash-flow model of the anticipated future cash flows of the CGU. The key assumptions used in the cash flow model depend on input reflecting various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated.

These variables are determined on the basis of management's judgement. If the entity is listed on a stock market, the market price will also be considered an element in the evaluation.

The breakdown of goodwill and impairments for the main cash-generating units as at 31 December 2019 is as follows.

	Goodwill amount	Impairments	Net amount	Segment	Method used for recoverable amount
Cash-generating unit (CGU)					
Ageas Portugal	335.9		335.9	Continental Europe (CEU)	Value in use
Ageas (UK)	276.6	29.5	247.1	United Kingdom (UK)	Value in use
Other	31.4		31.4		Value in use
Total	643.9	29.5	614.4		

Ageas Portugal

The reported goodwill for Ageas Portugal amounts to EUR 335.9 million (2018: EUR 335.9 million). In 2016, the legal structure in Portugal has been simplified and all Portuguese entities are now owned and controlled by Ageas Portugal Holding with a central Executive Committee on country-level which makes all strategic decisions. Therefore Ageas Portugal is considered as one CGU.

The value in use calculation uses expected dividends, based on business plans approved by local and Ageas's management over a period of five years. The business plans take into consideration the further integration of the different entities in Portugal.

Estimates for after this period have been extrapolated using a growth rate of 2.0 percent, which represents an approach of expected inflation in Portugal. The discount rate of 8.5 percent used is based on the risk-free interest rate, equity risk premium and a beta coefficient. The impairment test showed that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, goodwill for Ageas Portugal was not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for Ageas Portugal would not be impaired if the growth rate was largely negative or the discount rate increased by more than 5.7 percent.

Ageas UK

Goodwill for Ageas UK amounts to GBP 235.3 million (2018: GBP 235.3 million). The net goodwill after impairment amounts to GBP 210.3 million (2018: GBP 210.3 million). In the United Kingdom, all entities are owned and controlled by Ageas UK holding with its own Executive Committee which makes all strategic issues. Therefore Ageas UK is considered as one CGU.

The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Estimates for after this period have been extrapolated using a growth rate of 2.0 percent, which represents an approach of expected inflation.

The discount rate of 5.9 percent used is based on the risk-free interest rate, equity risk premium and a beta coefficient. The impairment test showed that the recoverable amount exceeded the carrying value of the CGU including goodwill and goodwill was therefore not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for the UK business would not be impaired if the long-term growth rate was negative and the discount rate increased by almost 3.0 percent.

Other

Other includes goodwill in CGU's in France and Belgium.

Amortisation of VOBA

The expected amortisation expenses for VOBA are as follows.

	Estimated amortisation of VOBA
2020	13.0
2021	11.3
2022	9.6
2023	7.5
2024	5.6
Later	10.6
Total	57.6

18

Shareholders’ equity

The following table shows the composition of shareholders’ equity as at 31 December 2019.

Share capital	
Ordinary shares: 198,374,327 shares issued and paid with a fraction value of EUR 7.57	1,502.4
Share premium reserve	1,858.1
Other reserves	2,855.8
Currency translation reserve	94.5
Net result attributable to shareholders	979.2
Unrealised gains and losses	3,931.3
Shareholders' equity	11,221.3

18.1 Ordinary shares

Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company the Board of Ageas was authorised for a period of three years (2019-2021) by the General Meeting of Shareholders of 15 May 2019 to increase the share capital by a maximum amount of EUR 148,000,000 for general purposes.

Applied to a fraction value of EUR 7.57, this enables the issuance of up to 19,550,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 43 Contingent liabilities).

Ageas has issued options or instruments containing option features that could, upon exercise, lead to an increase in the number of outstanding shares.

The number of shares issued includes shares that relate to the FRESH convertible instrument (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is part of Ageas Group, the shares related to the FRESH are treated as treasury shares (see below) and eliminated against shareholders’ equity (see note 20 Subordinated liabilities).

Treasury shares

Treasury shares are issued ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders’ equity and reported in other reserves.

The total number of treasury shares (7.8 million) consists of shares held for the FRESH (4.0 million) and the remaining shares resulting from the share buy-back programme (3.8 million, see below) of which 0.1 million shares are used for the vesting of the restricted share programme. Details of the FRESH securities are provided in note 20 Subordinated liabilities.

Share buy-back programme 2019

Ageas announced on 7 August 2019 a new Share Buy Back programme, starting on 19 August 2019 and runs up to 5 August 2020, for an amount of EUR 200 million.

Between 19 August 2019 and 31 December 2019, Ageas bought back 1,334,047 shares corresponding to 0.67% of the total shares outstanding and totalling EUR 68.8 million.

Share buy-back programme 2018

Ageas announced on 8 August 2018 a new share buy-back programme as of 13 August 2018 up to 2 August 2019 for an amount of EUR 200 million, this programme was completed and in total 4,501,516 shares were bought back, corresponding to 2.27% of the total shares outstanding.

The Extraordinary General Meeting of Shareholders of ageas SA/NV of 15 May 2019 approved the cancellation of 4,647,872 shares. As a result, the total number of issued shares is reduced to 198,374,327.

Restricted share programme

In 2015 and 2016, Ageas created restricted share programmes for its senior management (see also note 6 section 6.2 Employee share option and share purchase plans).

18.2 Shares entitled to dividend and voting rights

The table below gives an overview of the shares entitled to dividend and voting rights as at 31 December.

in thousands	
Number of shares issued as at 31 December 2019	198,374
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	3,821
Shares related to FRESH (see note 20)	3,968
Shares related to CASHES (see note 43)	3,959
Shares entitled to voting rights and dividend	186,626

CASHES and settlement with BNP Paribas Fortis SA/NV and BNP Paribas

BNP Paribas Fortis SA/NV (the former Fortis Bank) issued a financial instrument called CASHES in 2007. One of the features of this instrument is that it can only be redeemed through conversion into 12.5 million Ageas shares.

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of Ageas shares outstanding). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 20 Subordinated liabilities and note 43 Contingent liabilities).

In 2012, BNP Paribas made a (partially successful) cash tender for the CASHES. On 6 February 2012, BNP Paribas Fortis SA/NV converted 7,553 of the tendered CASHES securities out of 12,000 CASHES securities outstanding (62.9%) into 7.9 million Ageas shares.

Ageas and BNP Paribas have agreed that BNP Paribas can purchase CASHES under the condition that they are converted into Ageas shares. In 2016, 656 CASHES were purchased and converted. The agreement between Ageas and BNP Paribas expired at year-end 2016. At this moment, 4.0 million Ageas shares related to the CASHES are still held by BNP Paribas Fortis SA/NV.

Outstanding shares

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2018	209,400	(10,394)	199,006
Cancelled shares	(6,378)	6,378	
Balance (acquired)/sold		(4,645)	(4,645)
Used for management share plans			
Number of shares as at 31 December 2018	203,022	(8,661)	194,361
Cancelled shares	(4,648)	4,648	
Balance (acquired)/sold		(3,879)	(3,879)
Used for management share plans		72	72
Number of shares as at 31 December 2019	198,374	(7,820)	190,554

The table below gives an overview of the shares issued and the potential number of shares as at 31 December.

in thousands	
Number of shares as at 31 December 2019	198,374
Shares that may be issued per Shareholders' Meeting of 15 May 2019	19,550
Total potential number of shares as at 31 December 2019	217,924

18.3 Other reserves

Treasury shares, i.e. ordinary shares bought back by Ageas, are deducted from shareholders' equity and reported in other reserves. Other reserves also include the adjustment for the written put options on non-controlling interests. Each year the balance of profits for the year and the dividends related to the year are added to or deducted from the other reserves.

18.4 Currency translation reserve

The currency translation reserve is a separate component of shareholders' equity in which the exchange differences arising from translation of the results and financial positions of foreign operations that are included in the Ageas Consolidated Financial Statements are reported.

Ageas does not hedge net investments in operations that do not have euro as their functional currency unless the impact of potential foreign exchange movements is considered beyond Ageas's Risk Appetite. However, loans not provided for permanent funding purposes and known payments or dividends in a foreign currency are hedged. Exchange differences arising on loans and other currency instruments designated as hedging instruments of such investments are recorded in equity (under the heading 'Currency translation reserve') until the disposal of the net investment, except for any hedge ineffectiveness, which will be immediately recognised in the income statement. On disposal of an entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

18.5 Unrealised gains and losses included in shareholders' equity

The table below shows the unrealised gains and losses included in shareholders' equity.

31 December 2019	Available for sale investments	Reclassified to held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	8,659.8	(37.6)	1,156.2	(54.4)		9,724.0
Related tax	(2,074.0)	9.4		1.6		(2,063.0)
Shadow accounting	(3,851.7)					(3,851.7)
Related tax	997.6					997.6
Non-controlling interests	(906.3)	11.3	16.4	3.0		(875.6)
Discretionary participation feature (DPF)	14.9				(14.9)	
Total	2,840.3	(16.9)	1,172.6	(49.8)	(14.9)	3,931.3

31 December 2018	Available for sale investments	Reclassified to held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	5,928.4	(43.7)	297.6	(7.5)		6,174.8
Related tax	(1,468.8)	10.9		1.8		(1,456.1)
Shadow accounting	(1,830.5)					(1,830.5)
Related tax	483.1					483.1
Non-controlling interests	(777.1)	13.4	8.0	(3.0)		(758.7)
Discretionary participation feature (DPF)	8.2				(8.2)	
Total	2,343.3	(19.4)	305.6	(8.7)	(8.2)	2,612.6

Unrealised gains and losses on available for sale investments are discussed in detail in note 10 Financial investments. Unrealised gains and losses on held to maturity investments represents unrealised gains and losses to be amortised.

Changes in the fair value of derivatives that are designated and qualify as a cash-flow hedge are recognised as an unrealised gain or loss in shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement.

Ageas enters into insurance contracts that feature not only a guaranteed part but also other benefits, of which the amounts and the timing of declaration and payment are solely at the discretion of Ageas. Depending on the contractual and statutory terms and conditions, unrealised changes in the fair value of the asset mix related to such contracts are, after the application of shadow accounting, reported in shareholders' equity under separate discretionary participation features (DPF) and in unrealised gains and losses related to available for sale investments.

The table below shows changes in gross unrealised gains and losses included in shareholders' equity.

	Available for sale investments	Reclassified to held to maturity investments	Revaluation of associates	Cash flow hedges	Total
Gross unrealised gains (losses) as at 1 January 2018	7,643.8	(52.9)	184.6	(35.7)	7,739.8
Changes in unrealised gains (losses) during the year	(1,430.4)		133.1	28.2	(1,269.1)
Reversal unrealised (gains) losses because of sales	(275.4)				(275.4)
Reversal unrealised losses because of impairments	(10.6)				(10.6)
Acquisition and divestments of associates			(20.1)		(20.1)
Amortisation		8.8			8.8
Other	1.0	0.4			1.4
Gross unrealised gains (losses) as at 31 December 2018	5,928.4	(43.7)	297.6	(7.5)	6,174.8
Changes in unrealised gains (losses) during the year	2,820.4		858.0	(47.3)	3,631.1
Reversal unrealised (gains) losses because of sales	(104.9)				(104.9)
Reversal unrealised losses because of impairments	15.9				15.9
Acquisition and divestments of associates			0.6		0.6
Amortisation		5.7			5.7
Other		0.4		0.4	0.8
Gross unrealised gains (losses) as at 31 December 2019	8,659.8	(37.6)	1,156.2	(54.4)	9,724.0

18.6 Dividend capacity

The companies comprising Ageas are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders.

Under the Belgian Company Code, 5% of a company's annual net profit must be placed in a legal reserve fund until this fund reaches 10% of the share capital. No dividends may be paid if the value of the company's net assets falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserves.

Subsidiaries and associates are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those subsidiaries operate and from shareholder agreements with the partners in the company. In certain situations consensus between the shareholders is required before dividend is declared.

In addition, shareholder agreements (related to parties having a non-controlling interest in Ageas subsidiaries) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without the prior approval of the other parties involved;
- options to sell or resell shares to the other party (parties) involved in the shareholders agreement including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares to additional revenues when certain objectives are realised;
- exclusivity clauses or non-competition clauses related to the sales of insurance products.

Proposed dividend for 2019

Ageas's Board has decided to propose for approval by the Annual General Meeting of Shareholders a gross cash dividend of EUR 2.65 per share for 2019.

18.7 Return on equity

Ageas calculates return on equity by dividing the net result for the period by the net average equity at the beginning and the end of the period.

	2019	2018
Return on equity Insurance (excluding unrealised gains & losses)	15.3%	11.8%

18.8 Earnings per share

The following table details the calculation of earnings per share.

	2019	2018
Net result attributable to shareholders	**979.2**	**809.1**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	192,525	196,776
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	72	155
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**192,597**	**196,931**
Basic earnings per share (in euro per share)	5.09	4.11
Diluted earnings per share (in euro per share)	5.08	4.11

During 2019 and 2018, 3.97 million Ageas shares related to the FRESH, as they are not entitled to dividend nor do they have voting rights, were excluded from the calculation of basic earnings per share.

Ageas shares totalling 3.96 million (31 December 2018: 3.96 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 43 Contingent liabilities).

19

Insurance liabilities

Life liabilities

Life liabilities are established when a policy is sold in order to ensure that sufficient funds are set aside to meet the future claims relating to that policy. Life insurance liabilities can be split into:

- liabilities arising from Life insurance contracts (see 19.1);
- liabilities arising from Life investment contracts (see 19.2);
- liabilities related to unit-linked contracts (see 19.3).

Non-life Liabilities (see note 19.4)

The details of these insurance liabilities are provided hereafter. For more detailed information on sensitivities and risk exposures for the insurance liabilities, please refer to note 4.7 Details of various risk exposures in Risk management.

19.1 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts.

	31 December 2019	31 December 2018
Liability for future policyholder benefits	26,098.3	25,755.4
Reserve for policyholder profit sharing	217.6	168.5
Shadow accounting	2,456.7	1,072.8
Before eliminations	28,772.6	26,996.7
Eliminations	(11.4)	(9.2)
Gross	28,761.2	26,987.5
Reinsurance	(17.8)	(23.2)
Net	28,743.4	26,964.3

Changes in the liabilities arising from Life insurance contracts (gross of reinsurance and before eliminations) are shown below.

	2019	2018
Balance as at 1 January	26,996.7	27,488.4
Gross inflow	2,126.6	1,986.8
Time value	703.6	732.4
Payments due to surrenders, maturities and other	(1,849.0)	(1,937.7)
Transfer of liabilities	(63.0)	(36.1)
Shadow accounting adjustment	1,384.0	(650.9)
Other changes, including risk coverage	(526.3)	(586.2)
Balance as at 31 December	28,772.6	26,996.7

The shadow accounting adjustment is a reflection of the unrealised gains and losses on the investment portfolio.

The line item ‘Other changes, including risk coverage’, mainly relates to insurance and actuarial risk consumption regarding guarantees included in the contracts, and therefore vary together with the volumes.

The effect of changes in assumptions used to measure the liabilities related to Life insurance contracts was immaterial in both 2019 and 2018.

19.2 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts.

	31 December 2019	31 December 2018
Liability for future policyholder benefits	30,593.9	29,876.6
Reserve for policyholder profit sharing	253.7	225.8
Shadow accounting	1,395.1	757.7
Gross	32,242.7	30,860.1

Changes in the liabilities arising from Life investment contracts are shown below.

	2019	2018
Balance as at 1 January	30,860.1	31,350.6
Gross inflow	2,811.5	2,579.1
Time value	431.5	483.5
Payments due to surrenders, maturities and other	(2,233.9)	(2,503.9)
Transfer of liabilities	(152.5)	(317.5)
Shadow accounting adjustment	637.4	(620.9)
Other changes, including risk coverage	(111.4)	(110.8)
Balance as at 31 December	32,242.7	30,860.1

The shadow accounting adjustment is a reflection of the unrealised gains and losses in the investment portfolio. The transfer of liabilities mainly relates to internal movements between product portfolios. The line item ‘Other changes, including risk coverage’, mainly relates to insurance and actuarial risk consumption regarding guarantees included in the contracts, and therefore vary together with the volumes.

The effect of changes in assumptions used to measure the liabilities related to Life investment contracts was immaterial in both 2019 and 2018.

19.3 Liabilities related to unit-linked contracts

Liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows.

	31 December 2019	31 December 2018
Insurance contracts	2,741.2	2,358.5
Investment contracts	13,696.9	13,152.6
Total	16,438.1	15,511.1

The following table shows the changes in liabilities related to unit-linked insurance contracts.

	2019	2018
Balance as at 1 January	2,358.5	2,538.0
Gross inflow	230.9	229.6
Changes in fair value / time value	341.2	(194.8)
Payments due to surrenders, maturities and other	(136.6)	(132.8)
Transfer of liabilities	(43.3)	(41.9)
Other changes, including risk coverage	(9.5)	(39.6)
Balance as at 31 December	2,741.2	2,358.5

The following table shows the changes in liabilities related to unit-linked investment contracts.

	2019	2018
Balance as at 1 January	13,152.6	13,278.2
Gross inflow	1,160.0	1,199.7
Changes in fair value / time value	1,473.6	(603.1)
Payments due to surrenders, maturities and other	(2,314.3)	(1,087.0)
Transfer of liabilities	251.3	377.8
Foreign exchange differences	0.5	0.8
Other changes, including risk coverage	(26.8)	(13.8)
Balance as at 31 December	13,696.9	13,152.6

The transfer of liabilities mainly reflects internal movements between different product contracts. The line item 'Other changes, including risk coverage', mainly relates to insurance and actuarial risk consumption, for complementary guarantees included in the contracts.

19.4 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts.

	31 December 2019	31 December 2018
Claims reserves	6,994.2	6,206.5
Unearned premiums	1,577.4	1,221.6
Reserve for policyholder profit sharing	16.0	21.0
Before eliminations	8,587.6	7,449.1
Eliminations	(990.0)	(24.5)
Gross	7,597.6	7,424.6
Reinsurance	(710.9)	(636.6)
Net	6,886.7	6,788.0

Non-life claims liabilities are recognised for claims that have occurred but have not yet been settled, quantifying the outstanding loss liability. In general, Ageas insurance companies define claims liabilities by product category, cover and year, and take into account (un)discounted prudent forecasts of pay-outs on reported claims and estimates of unreported claims. Allowances for claims expenses and inflation are also included. The pay-outs are typically undiscounted. However, some accident and health claims (in particular Workers' Compensation) have a long-term nature and their liabilities are calculated with similar to life techniques, including thus also discounted cash flows.

Unearned premiums relate to the unexpired portion of the risk, for which the premium has been received but has not yet been earned by the insurer.

Changes in the liabilities arising from insurance contracts for Non-life insurance contracts (gross of reinsurance and before eliminations) are shown below.

		2019		2018
Balance as at 1 January		7,449.1		7,595.9
Acquisitions/divestments of subsidiaries		(4.2)		
Addition to liabilities current year	*2,790.1*		*2,648.9*	
Claims paid current year	*(1,332.4)*		*(1,294.7)*	
Change in liabilities current year	1,457.7		1,354.2	
Addition to liabilities prior years	*(304.3)*		*(332.5)*	
Claims paid prior years	*(1,116.6)*		*(1,104.2)*	
Change in liabilities prior years	(1,420.9)		(1,436.7)	
Change in liabilities (current and prior years)		36.7		(82.5)
Change in unearned premiums		0.2		(52.9)
Transfer of liabilities		(73.7)		(64.5)
Foreign exchange differences		130.1		(18.6)
Other changes (including reinsurance-related eliminations)		1,049.4		71.7
Balance as at 31 December		8,587.6		7,449.1

Foreign exchange differences relates mainly to the British pound exchange rate.

On 27 February 2017, the former Lord Chancellor announced a change in the Ogden discount rate from 2.5% to -0.75%. As at 31 December 2018, the actuarial best estimate rate has been set from -0.75% to 0%, however an Ogden-specific margin was accounted for to maintain the overall IFRS reserves at -0.75%.

On 15 July 2019, the Lord Chancellor in the UK announced that the Ogden rate would be increased from -0.75% to -0.25%. In response to this announcement, Ageas UK has set its actuarial best estimate reserves based on the new rate of -0.25% and released the Ogden-specific margin as per 30 June 2019.

19.5 Insurance Liabilities Adequacy Testing

The tests carried out at 2019 year-end have confirmed that the reported liabilities are adequate.

Overview of insurance liabilities by operating segment

The table below provides an overview of the liabilities by operating segment.

		Non-life gross liability split:			Life gross liability split:	
31 December 2019	Total Non-life	Unearned premium	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	4,078.3	348.7	3,729.6	61,254.8	9,800.4	51,454.4
UK	2,630.2	719.6	1,910.6			
Continental Europe	856.0	189.0	667.0	16,198.7	6,637.7	9,561.0
Reinsurance	1,023.1	320.1	703.0			
Eliminations	(990.0)		(990.0)	(11.5)		(11.5)
Insurance total	7,597.6	1,577.4	6,020.2	77,442.0	16,438.1	61,003.9

		Non-life gross liability split:			Life gross liability split:	
31 December 2018	Total Non-life	Unearned premium	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	3,997.8	346.6	3,651.2	57,257.1	8,160.7	49,096.4
UK	2,559.5	701.3	1,858.2			
Continental Europe	862.4	173.7	688.7	16,110.8	7,350.4	8,760.4
Reinsurance	29.4		29.4			
Eliminations	(24.5)		(24.5)	(9.2)		(9.2)
Insurance total	7,424.6	1,221.6	6,203.0	73,358.7	15,511.1	57,847.6

20

Subordinated liabilities

The following table provides a specification of subordinated liabilities.

	31 December 2019	31 December 2018
Issued by Ageasfinlux S.A.		
FRESH	1,250.0	1,250.0
Issued by ageas SA/NV		
Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes	744.6	
Subordinated Fixed to Floating Rate Notes	493.1	
Issued by AG Insurance		
Fixed Rate Reset Perpetual Subordinated Restricted Tier 1 Notes		480.1
Subordinated Fixed to Floating Rate Tier 2 Loan	73.7	
Fixed Rate Reset Dated Subordinated Notes	396.7	396.4
Fixed to Floating Callable Subordinated Notes	99.8	99.7
Issued by Millenniumbcp Ageas		
Fixed to Floating Rate Callable Subordinated Loan	58.8	58.8
Total subordinated liabilities	3,116.7	2,285.0

The following table shows the changes in subordinated liabilities.

	31 December 2019	31 December 2018
Balance as at 1 January	2,285.0	2,261.3
Proceeds from issuance	1,311.4	
Redemption	(484.4)	
Foreign exchange differences	4.0	21.8
Amortisation premiums and discounts	0.7	1.9
Balance as at 31 December	3,116.7	2,285.0

Most of the outstanding subordinated liabilities as at 31 December 2019 are positions with a maturity of more than 5 years.

20.1 FRESH

On 7 May 2002, Ageasfinlux SA issued undated Floating Rate Equity-linked Subordinated Hybrid capital securities (FRESH) for a total principal amount of EUR 1,250 million at a floating rate of 3 month Euribor + 135 basis points. The securities have no maturity date, but may be exchanged for Ageas shares at a price of EUR 315 per share at the discretion of the holder. The securities will automatically convert into Ageas shares if the price of the Ageas share is equal to or higher than EUR 472.50 on twenty consecutive stock exchange business days. The securities qualify as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

The securities were issued by Ageasfinlux SA, with ageas SA/NV acting as co-obligor. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against the co-obligor with respect to the principal amount are the 4.0 million Ageas shares that Ageasfinlux SA pledged in favour of such holders. Pending the exchange of the FRESH for Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 31 December 2019 already includes the 4.0 million Ageas shares issued for the purpose of such exchange).

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%) and in certain other exceptional circumstances, payment of coupons will be made in accordance with the so-called alternative coupon settlement method (ACSM). The ACSM implies that new Ageas shares will be issued and delivered to the holders of the FRESH. To date all coupons have been paid in cash. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

On 19 November 2019 Ageas launched, through its wholly owned subsidiary Ageasfinlux S.A., an offer to purchase in cash any and all of the outstanding FRESH securities. More detailed information can be found in note 44 Events after the date of the statement of financial position.

20.2 Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes

On 10 December 2019 ageas SA/NV issued subordinated debt securities for an aggregate principal amount of EUR 750 million in the form of Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes.

These notes have a fixed coupon rate of 3.875% payable annually with reset in June 2030 (no step-up) and every 5 years thereafter. They have no scheduled maturity date and, except in certain limited circumstances, may not be redeemed by ageas SA/NV before the six month period preceding June 2030.

They qualify as restricted Tier 1 capital for both Ageas Group and ageas SA/NV under European regulatory capital requirements for insurers (Solvency II) and are rated BBB by Standard & Poor's and BBB- by Fitch. They are listed on the regulated market of the Luxembourg Stock Exchange.

The net proceeds from the issuance of this instrument will be used for general corporate purposes and to strengthen the regulatory solvency of the Ageas Group and its operating subsidiaries, including by way of replacing the FRESH securities that were tendered as part of the offer launched by Ageas in 2019 (see 20.1).

20.3 Subordinated Fixed to Floating Rate Notes

On 10 April 2019 ageas SA/NV issued its inaugural debt securities in the form of EUR 500 million Subordinated Fixed to Floating Rate Notes maturing in 2049.

These notes have a fixed coupon rate of 3.25 % payable annually until the first call date (2 July 2029). As of the first call date, the coupon becomes payable quarterly at a 3-month Euribor floating rate increased with an initial credit spread and a 100 basis points step-up.

This instrument qualifies as Tier 2 capital for both Ageas Group and ageas SA/NV under European regulatory capital requirements for insurers (Solvency II) and is rated BBB+ by Standard & Poor's and Fitch. It is listed on the regulated market of the Luxembourg Stock Exchange.

20.4 Fixed Rate Reset Perpetual Subordinated Notes

In March 2019, AG Insurance redeemed its USD 550 million Fixed Rate Reset Perpetual Subordinated Notes that were issued on 21 March 2013 at an interest rate of 6.75%, payable semi-annually. The USD 550 million Notes were listed on the Luxembourg Stock Exchange and qualified as Grandfathered Tier 1 capital for both AG Insurance and Ageas Group under European regulatory requirements for insurers (Solvency II).

20.5 Subordinated Fixed to Floating Rate Tier 2 Loan

On 26 June 2019, Ageas and BNP Paribas Cardif granted a EUR 300 million (Ageas: EUR 225 million; BNP Paribas Cardif: EUR 75 million) subordinated loan to AG Insurance as a partial replacement for the USD 550 million which had been redeemed in March 2019. The intercompany loan between Ageas and AG Insurance is eliminated at Ageas group level.

20.6 Fixed Rate Reset Dated Subordinated Notes

On 31 March 2015, AG Insurance issued EUR 400 million Fixed Rate Subordinated Securities at an interest rate of 3.5% and with a maturity of 32 years. The securities may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date at 30 June 2027 or at any interest payment date thereafter. On the first call date and on each fifth anniversary of the first call date the interest rate will be reset equal to the sum of the five-year euro mid swap rate plus 3.875%. The Notes are listed on the Luxembourg Stock Exchange and qualify as Tier 2 capital under prevailing European regulatory requirements for insurers (Solvency II).

20.7 Fixed-to Floating Callable Subordinated Notes

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Callable Subordinated Notes due at an interest rate of 5.25% and with a maturity of 31 years. The notes may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date at 18 June 2024 or at any interest payment date thereafter. On their first call date the Notes will bear interest at a floating rate of 3 month Euribor plus 4.136% per annum, payable quarterly.

The Notes qualify as Tier 2 capital under prevailing European regulatory requirements for insurers (Solvency II). The Notes are subscribed by ageas SA/NV (EUR 350 million) and by BNP Paribas Fortis SA/NV (EUR 100 million) and are listed on the Luxembourg Stock Exchange. The part underwritten by ageas SA/NV is eliminated as intercompany transaction.

20.8 Fixed-to-Floating Callable Subordinated Loan

On 5 December 2014, Ageas Insurance International N.V. (51%) (AII) and BCP Investments B.V. (49%) granted a subordinated loan of EUR 120 million to Millenniumbcp Ageas at 4.75% per annum up to the first call date in December 2019 and 6 month Euribor + 475 basis points per annum thereafter. The part underwritten by AII is eliminated because it is an intercompany transaction. The Notes qualify as Grandfathered Tier 1 capital under prevailing European regulatory requirements for insurers (Solvency II).

21

Borrowings

The table below shows the components of borrowings.

	31 December 2019	31 December 2018
Repurchase agreements	1,442.7	1,262.9
Loans	849.8	789.6
Due to banks	2,292.5	2,052.5
Funds held under reinsurance agreements	83.0	84.8
Lease liabilities	506.3	16.7
Other borrowings	74.6	30.2
Total borrowings	2,956.4	2,184.2

Repurchase agreements are essentially secured short-term loans that are used to hedge specific investments with resettable interest rates and for cash management purposes.

Ageas has pledged property as collateral for loans and other with a carrying amount of EUR 178.0 million (2018: EUR 184.3 million).

The carrying value of the borrowings is a reasonable approximation of their fair value as contract maturities are less than one year (repurchase agreements) and/or contracts carry a floating rate (loans from banks). Accordingly, the fair value is based upon observable market data (level 2).

The lease liabilities are discounted using the lessee's incremental borrowing rate and the interest expense on the lease liability is presented separately from the depreciation expense of the right-of-use asset.

The following table shows the changes in borrowings.

	31 December 2019	31 December 2018
Balance as at 1 January	2,184.2	1,969.3
Change in accounting policy	537.9	
Acquisition of subsidiaries	49.2	91.0
Divestment of subsidiaries		(13.9)
Proceeds from issuance	382.9	193.8
Payments	(182.4)	(69.3)
Foreign exchange differences	0.7	
Amortisation premiums and discounts	0.2	
Realised Gains & Losses		(0.8)
Other changes	(16.3)	14.1
Balance as at 31 December	2,956.4	2,184.2

The line 'Change in accounting policy' is linked to the implementation of IFRS 16 'leases' and includes EUR 48.5 million related to 'service concession rights'. More detail can be found in the Summary of accounting policies.

The following table shows the undiscounted cash flows of the borrowings, except for lease liabilities, classified by relevant maturity group as at 31 December.

	31 December 2019	31 December 2018
Less than 1 year	1,784.5	1,547.9
1 year to 3 years	392.6	154.1
3 years to 5 years	141.0	304.9
More than 5 years	132.0	160.6
Total	2,450.1	2,167.5

Lease obligations (undiscounted)

Ageas's obligations (as lessee) under lease agreements are detailed in the table below.

	2019		2018
		Operating lease	Finance lease
	Minimum lease payments	Minimum lease payments	Minimum lease payments
Less than 1 year	76.1	76.3	2.3
1 year to 2 years	71.2	68.0	1.9
2 years to 3 years	65.5	62.7	1.8
3 years to 4 years	50.8	56.3	6.8
4 years to 5 years	43.8	48.5	0.7
More than 5 years	437.1	368.8	46.1
Total	744.5	680.6	59.6
Annual rental expense	5.1	4.6	
Future finance charges	238.2		42.9

The 2019 figures reflect the effect of the implementation of IFRS 16 which is effective as from 1 January 2019. More information related to IFRS 16 can be found in the Summary of accounting policies.

22

Current and deferred tax assets and liabilities

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown below.

	Statement of financial position		Income statement	
	2019	2018	2019	2018
Deferred tax assets related to:				
Financial investments (available for sale)	11.5	8.9	2.4	3.7
Investment property	6.8	10.0	(3.3)	(11.0)
Loans to customers	1.7	1.9	(0.2)	
Property, plant and equipment	41.9	43.5	(2.0)	1.3
Intangible assets (excluding goodwill)	7.7	7.8	(0.1)	(0.2)
Insurance policy and claim reserves	871.6	472.0	(26.9)	3.1
Debt certificates and subordinated liabilities	(1.5)	(1.7)	0.2	0.2
Provisions for pensions and post-retirement benefits	97.1	93.5	(18.8)	(71.5)
Other provisions	8.8	12.2	(2.8)	3.1
Accrued expenses and deferred income	0.7	0.1	0.6	(0.9)
Unused tax losses	105.8	118.5	(14.7)	(19.3)
Other	95.2	84.6	10.6	74.3
Gross deferred tax assets	1,247.3	851.3	(55.0)	(17.2)
Unrecognised deferred tax assets	(27.5)	(28.6)	1.0	1.0
Net deferred tax assets	1,219.8	822.7	(54.0)	(16.2)
Deferred tax liabilities related to:				
Derivatives held for trading (assets)	0.4	0.1	(0.3)	0.6
Financial investments (available for sale)	1,800.9	1,292.3	(3.0)	(3.5)
Unit-linked investments				1.3
Investment property	103.4	103.4	0.9	13.9
Loans to customers	0.6	0.9	0.3	0.2
Property, plant and equipment	138.9	145.9	7.1	10.4
Intangible assets (excluding goodwill)	87.6	88.4	4.3	4.8
Other provisions	2.6	3.4	(1.9)	(1.2)
Deferred policy acquisition costs	32.0	32.3	0.3	(1.4)
Deferred expense and accrued income	0.7	0.8	0.1	
Tax exempt realised reserves	25.0	22.7	(2.3)	2.3
Other	40.8	32.5	(10.9)	(3.4)
Total deferred tax liabilities	2,232.9	1,722.7	(5.4)	24.0
Deferred tax income (expense)			(59.4)	7.8
Net deferred tax	(1,013.1)	(900.0)		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts in the statement of financial position after such offsetting are as follows.

	2019	2018
Deferred tax asset	106.3	139.6
Deferred tax liability	1,119.4	1,039.6
Net deferred tax	(1,013.1)	(900.0)

As at 31 December 2019, the current and deferred tax recorded in total equity amount to EUR 47 million and EUR 1,018 million respectively. (2018: EUR 36 million and EUR 937 million)

Deferred tax assets are recognised to the extent that it is probable that there will be sufficient future taxable profit against which the deferred tax asset can be utilised. Deferred tax assets have been recognised on unused (claimed) tax losses and unused tax credits at an estimated tax value of EUR 78.3 million (2018: EUR 89.9 million). The tax losses that have not been recognised amounts to EUR 3,325 million at 31 December 2019 (2018: EUR 4,247 million). Most of the (claimed) tax loss carry forward position originates from the liquidation of Brussels Liquidation Holding (the former Fortis Brussels, the company that held the Fortis banking operations). Tax-wise, the loss on the sale of the Fortis Bank only materialised at the moment of liquidation.

23

RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with ageas SA/NV as co-obligor. CASHES are convertible securities that convert into Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and ageas SA/NV, at that point in time both parts of the Fortis Group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. Upon the break-up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest on a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

The RPN(I) exists to the extent that CASHES securities remain outstanding in the market. Originally, 12,000 CASHES securities were issued in 2007. In February 2012 BNP Paribas launched a public tender on CASHES at a price of 47.5% and converted 7,553 tendered CASHES securities into Ageas shares; Ageas agreed to pay a EUR 287 million indemnity to BNP Paribas as the conversion triggered a pro rata cancellation of the RPN(I) liability.

In May 2015 Ageas and BNP Paribas agreed that BNP Paribas can purchase CASHES from individual investors at any given time, under the condition that the purchased securities are converted into Ageas shares; at such conversion the pro rata part of the RPN(I) liability is paid to BNP Paribas, while Ageas receives a break-up fee which is subject to the price at which BNP Paribas succeeds to purchase CASHES.

BNP Paribas purchased and converted 656 CASHES under this agreement in the first nine months 2016; Ageas paid EUR 44.3 million for the pro rata settlement of the RPN(I), after the deduction of the received break-up fee. The agreement between Ageas and BNP Paribas expired at year-end 2016 and has not been renewed.

At 31 December 2019, 3,791 CASHES remained outstanding.

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding (3,791 at 31 December 2019) divided by the number of CASHES securities originally issued (12,000).

Ageas pays interest to BNP Paribas Fortis SA/NV on the average reference amount in the quarter (if the above outcome becomes negative BNP Paribas Fortis SA/NV will pay Ageas); the interest amounts to 3 month Euribor plus 90 basispoints. Ageas pledged 6.3% of the total AG Insurance shares outstanding in favour of BNP Paribas Fortis SA/NV.

Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is based on the CASHES price and Ageas share price. The reference amount remained stable from EUR 358.9 million at year-end 2018 to EUR 359.0 million at 31 December 2019, predominantly due to the increase in the CASHES price from 75.95% to 81.55% over 2019 which was completely offset by the increase of the Ageas share price from EUR 39.30 to EUR 52.68 over the same period.

Sensitivity of RPN(I) Value

At 31 December 2019 each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 9.5 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 4.0 million.

24

Accrued interest and other liabilities

The composition of accrued interest and other liabilities as at 31 December is as follows.

	31 December 2019	31 December 2018
Deferred revenues	146.3	151.0
Accrued finance costs	50.6	30.6
Accrued other expenses	97.0	77.1
Derivatives held for hedging purposes	55.3	35.4
Derivatives held for trading	10.4	15.0
Defined benefit pension liabilities	792.0	666.6
Defined benefit liabilities other than pension	139.9	132.2
Termination benefits	4.5	5.1
Other long-term employee benefit liabilities	17.0	16.1
Short-term employee benefit liabilities	94.8	89.8
Liabilities related to written put options on NCI	112.6	108.9
Accounts payable	213.4	183.9
Due to agents, policyholders and intermediaries	428.1	424.5
VAT and other taxes payable	149.0	142.5
Dividends payable	14.3	14.6
Due to reinsurers	17.0	45.6
Other liabilities	402.6	447.1
Total	2,744.8	2,586.0

Details of employee benefit liabilities can be found in note 6 section 6.1 Employee benefits.

All purchases and sales of financial assets requiring delivery within the time-frame established by regulation or market convention are recognised on the trade date, i.e. the date on which Ageas becomes a party to the contractual provisions of the instrument.

The line item ‘Other liabilities’ includes payables related to the clearing of securities transactions, cash received awaiting allocation to investments and small expenses to be paid.

Deferred revenues and accrued amounts are considered to be short term liabilities with a maturity of less than one year.

The following tables show the undiscounted cash flows of the payables and other liabilities classified by relevant maturity group.

31 December 2019	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
VAT and other taxes payable	149.0			
Dividends payable	0.2			14.1
Accounts payable	211.7	0.9		0.8
Due to agents, policyholders and intermediaries	129.9	9.7	43.9	244.6
Due to reinsurers	17.0			
Other liabilities	391.8	10.8		
Total	899.6	21.4	43.9	259.5

31 December 2018	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
VAT and other taxes payable	142.2	0.2		
Dividends payable	3.5		0.1	11.0
Accounts payable	169.6	1.4		
Due to agents, policyholders and intermediaries	137.1	8.1	42.5	231.5
Due to reinsurers	42.8	2.8		
Other liabilities	305.0	38.4		
Total	800.2	50.9	42.6	242.5

25

Provisions

The provisions mainly relate to legal disputes and reorganisations and are based on best estimates available at period-end based on management judgement, in most cases supported by the opinion of legal advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes. We refer to note 43 Contingent liabilities, which describes the various ongoing litigation proceedings.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimants organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF) and VEB announced a settlement proposal (the “Settlement”) with respect to all civil proceedings related to the former Fortis group for events in 2007 and 2008 for an amount of EUR 1.2 billion.

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers (the “Insurers”), the D&O's involved in litigation and BNP Paribas Fortis to settle for an amount of EUR 290 million.

On 24 March 2017, the Amsterdam Appeal Court held a public hearing during which it heard the request to declare the Settlement binding as well as the arguments that were submitted against it. On 16 June 2017, the Court took the interim decision not to declare the settlement binding in its initial format. On 12 December 2017, the petitioners filed an amended and restated settlement with the Amsterdam Appeal Court. This amended settlement took into consideration the main concerns of the Court and the overall budget was raised by EUR 100 million to EUR 1.3 billion.

On 13 July 2018 the Amsterdam Appeal Court declared the settlement binding on Eligible Shareholders (i.e. persons who held Fortis shares at any time between close of business on 28 February 2007 and close of business on 14 October 2008) in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM"). In declaring the settlement binding, the Court believed the compensation offered under the settlement is reasonable and that the claimant organisations Deminor, SICAF and FortisEffect are sufficiently representative of the interests of the beneficiaries of the Settlement.

On 21 December 2018, Ageas announced that it had decided to provide clarity ahead of time by waiving its termination right. As a consequence of this the Settlement is final.

The main components of the EUR 514.3 million provision as at 31 December 2019 are:

- EUR 1,308.5 million related to the WCAM settlement agreement;
- EUR 58 million related to the tail risk, including accrued expenses;
- minus EUR 150 million to be received from the Stichting FORclaims, the foundation managing the contribution by the Insurers;
- minus EUR 702.2 million already paid to eligible shareholders.

Related to the WCAM settlement agreement, the balance on the advance payment paid by Ageas to Stichting FORsettlement (‘Stichting’) to settle the claims amounted to EUR 8.5 million at 31 December 2019.

The amounts are presented under the line item ´Provisions´ in the statement of financial position and the line item ´Change in provisions´ in the income statement.

Changes in provisions during the year are as follows.

	31 December 2019	31 December 2018
Balance as at 1 January	887.1	1,178.1
Acquisition and divestment of subsidiaries		0.4
Increase (Decrease) in provisions	(7.6)	16.2
Utilised during the year	(298.2)	(307.5)
Foreign exchange differences	1.2	(0.1)
Balance as 31 December	582.5	887.1

EUR 514.3 million of the total amount of provisions at 31 December 2019 relates to the Settlement agreement (2018: EUR 812.4 million).

26

Non-controlling interest

The following table provides information about the most significant non-controlling interests (NCI) in Ageas's entities.

	% of non-controlling interest	Result as at 31 December 2019	Equity as at 31 December 2019	% of non-controlling interest	Result as at 31 December 2018	Equity as at 31 December 2018
Group company						
AG Insurance (Belgium)	25.0%	94.4	1,652.2	25.0%	102.8	1,567.3
AG Real Estate (part of AG Insurance)						
mainly Interparking for 49% held by AG Real Estate	25.0%	80.9	398.0	25.0%	54.7	363.1
Millenniumbcp Ageas (part of CEU)	49.0%	23.8	208.3	49.0%	30.2	177.0
Other		(0.1)	0.9		0.1	0.8
Total NCI		199.0	2,259.4		187.8	2,108.2

Non-controlling interest (NCI) represents the participation of a third party in the shareholders' equity of Ageas's subsidiaries.

AG Insurance granted to Parkimo, a minority shareholder of Interparking, an unconditional put option on its 10.05% ownership in interparking. The put option was measured at fair value of the expected settlement amounting to EUR 111.8 million (2018: EUR 108.1 million).

AG Insurance has granted other put options for an amount of EUR 0.8 million (2018: EUR 0.8 million).

Subsidiaries

The details of the statement of financial position of AG Insurance are included in note 8 Information on operating segments. Details of the other subsidiary of Ageas in which non-controlling interests are held are:

	Assets as at 31 December 2019	Liabilities as at 31 December 2019	Equity as at 31 December 2019	Assets as at 31 December 2018	Liabilities as at 31 December 2018	Equity as at 31 December 2018
Subsidiary						
Millenniumbcp Ageas	11,245.5	11,025.0	220.5	10,540.2	10,383.1	157.1

27

Derivatives

Derivatives used by individual subsidiaries comply with the relevant supervisory regulations and Ageas's internal guidelines. Derivatives are used to manage market and investment risks, both for trading purposes as for hedging purposes. The subsidiaries manage the risk exposures in their investment portfolios based on general thresholds and targets. The most important purpose of these instruments is to hedge against adverse market movements for selected securities or for parts of a portfolio. Ageas selectively uses derivative financial instruments such as swaps, options and forwards to hedge changes in currency rates or interest rates in its investment portfolio.

Hedging instruments may be used for individual transactions (micro hedge) or for a portfolio of similar assets or liabilities (portfolio hedge). When Ageas applies hedge accounting in order to mitigate accounting mismatches, the criteria for hedge accounting are met. In particular the effectiveness of hedge relationships in offsetting changes in fair values or cash flows between the hedging instrument and the hedged item are assessed. Furthermore, the required hedge documentation is prepared. At inception, all hedge relationships are approved to ensure that all hedge requirements are fulfilled and the hedge documentation is complete. If the formal hedge relation cannot be established or is too cumbersome, then the derivatives are booked as held for trading.

Foreign exchange contracts

Futures are contracts that require settlement at a specified price and on a specified future date and can be traded in similar markets. Forwards are customised contracts between two entities where settlement takes place on a specific date in the future at today's pre-agreed price. The currency futures and forward contracts are mainly held to hedge the currency risk on foreign currency denominated assets.

Interest rate swaps

Swap contracts are agreements between two parties to exchange one set of cash flows for another set of cash flows. Payments are made on the basis of the swap's notional value. Ageas uses interest rate swap contracts primarily to manage cash flows arising from interest received or paid and cross-currency swap contracts to manage foreign currency denominated cash flows.

Derivatives are valued based on level 2 (observable market data in active markets).

Trading derivatives

	31 December 2019			31 December 2018		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	7.6	1.7	659.6	3.1	1.9	386.7
Swaps			10.6	4.1	4.2	191.5
Total	7.6	1.7	670.2	7.2	6.1	578.2
Interest rate contracts						
Swaps	2.3	8.5	250.5	2.0	8.7	305.5
Total	2.3	8.5	250.5	2.0	8.7	305.5
Equity/Index contracts						
Options and warrants		0.2	0.2		0.2	0.2
Total		0.2	0.2		0.2	0.2
Other	0.2			0.7		
Total	10.1	10.4	920.9	9.9	15.0	883.9
Fair values supported by observable market data				4.1	6.0	
Fair values obtained using a valuation model	10.1	10.4		5.8	9.0	
Total	10.1	10.4		9.9	15.0	
Over the counter (OTC)	10.1	10.4	920.9	9.9	15.0	883.9
Total	10.1	10.4	920.9	9.9	15.0	883.9

Hedging derivatives

	31 December 2019			31 December 2018		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Interest rate contracts						
Swaps		54.1	1,407.4	3.1	25.6	1,362.1
Total		54.1	1,407.4	3.1	25.6	1,362.1
Equity/Index contracts						
Forwards and futures	0.3	1.2	19.2	24.4	9.7	96.5
Total	0.3	1.2	19.2	24.4	9.7	96.5
Total	0.3	55.3	1,426.6	27.5	35.3	1,458.6
Fair values supported by observable market data		47.0			19.5	
Fair values obtained using a valuation model	0.3	8.3		27.5	15.8	
Total	0.3	55.3		27.5	35.3	
Over the counter (OTC)	0.3	55.3	1,426.6	27.5	35.3	1,458.6
Total	0.3	55.3	1,426.6	27.5	35.3	1,458.6

28

Commitments

Commitments received and given are detailed as follows.

Commitments	31 December 2019	31 December 2018
Commitment Received		
Credit lines	961.6	751.0
Collateral and guarantees received	4,155.6	4,986.0
Other off-balance sheet rights	5.7	5.7
Insurance related rights and commitment	10.3	
Total received	5,133.2	5,742.7
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	279.5	116.5
Credit lines	*3,527.0*	*1,712.1*
Used	*(1,580.1)*	*(631.9)*
Available	1,946.9	1,080.2
Collateral and guarantees given	1,629.5	1,298.3
Entrusted assets and receivables	945.4	890.3
Capital rights & commitments	154.7	166.2
Other off-balance sheet commitments	1,192.9	1,151.7
Insurance related rights and commitment	0.5	
Total given	6,149.4	4,703.2

The major part of commitments received consists of collateral and guarantees received, and relates mainly to collateral received from customers on residential mortgages and to a lesser extent to policyholder loans and commercial loans.

Other off-balance sheet commitments as at 31 December 2019 include EUR 93 million in outstanding credit bids (31 December 2018: EUR 316 million) and EUR 548 million in real estate commitments (31 December 2018: EUR 461 million).

29

Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value in the Ageas consolidated statement of financial position. The liabilities are held at amortised cost.

			31 December 2019		31 December 2018
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	3,745.4	3,745.4	2,924.8	2,924.8
Financial Investments held to maturity	1 / 3	4,437.9	6,878.3	4,505.5	6,455.3
Loans	2	11,072.0	12,137.6	9,788.5	10,323.0
Reinsurance and other receivables	2	1,860.0	1,860.0	1,843.1	1,843.1
Total financial assets		21,115.3	24,621.3	19,061.9	21,546.2
Liabilities					
Subordinated liabilities	2	3,116.7	3,204.2	2,285.0	2,292.8
Borrowings, excluding lease liabilities	2	2,450.1	2,449.5	2,167.5	2,166.2
Total financial liabilities		5,566.8	5,653.7	4,452.5	4,459.0

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows.

Instrument Type	Ageas Products	Fair Value Calculation
Instruments with no stated maturity	Current accounts, saving accounts	Nominal value.
Instruments without optional features	Straight loans, deposits etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average of new production during last three months.
Instruments with optional features	Mortgage loans and other instruments with option features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated bonds or receivables	Subordinated assets	Valuation is based on broker quotes in an in-active market (level 3).
Private equity	Private equity and non-quoted participations investments	In general based on the European Venture Capital Association's valuation guidelines, using enterprise value/EBITDA, price/cash flow and price/earnings etc.
Preference shares (non-quoted)	Preference shares	If the share is characterised as a debt instrument, a discounted cash flow model is used.

Ageas pursues a policy aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the 'model risk' concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions about the input data themselves.

The introduction of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time the model is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis for adjusting the fair value calculated by the valuation techniques and internal models.

Notes to the Consolidated Income Statement

30 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums for the year ended 31 December.

	2019	2018
Gross inflow Life	6,329.0	5,995.3
Gross inflow Non-life	4,218.5	4,067.4
General account and eliminations	(2.1)	(1.4)
Total gross inflow	10,545.4	10,061.3

	2019	2018
Net earned premiums Life	5,129.1	4,757.4
Net earned premiums Non-life	3,894.2	3,890.3
General account and eliminations	(2.1)	(1.4)
Total net earned premiums	9,021.2	8,646.3

Life

The table below shows the details of gross inflow Life for the year ended 31 December.

	2019	2018
Unit-linked insurance contracts		
Single written premiums	155.8	148.6
Periodic written premiums	75.1	81.0
Total unit-linked insurance contracts	230.9	229.6
Non unit-linked insurance contracts		
Single written premiums	380.7	324.6
Periodic written premiums	944.3	919.9
Group business total	*1,325.0*	*1,244.5*
Single written premiums	392.7	330.4
Periodic written premiums	408.9	411.9
Individual business total	*801.6*	*742.3*
Total non unit-linked insurance contracts	2,126.6	1,986.8
Investment contracts with DPF		
Single written premiums	2,274.2	2,093.6
Periodic written premiums	535.5	484.0
Total investment contracts with DPF	2,809.7	2,577.6
Gross premium income Life	5,167.2	4,794.0
Single written premiums	1,111.7	1,156.0
Periodic written premiums	50.1	45.3
Premium inflow deposit accounting	1,161.8	1,201.3
Gross inflow Life	6,329.0	5,995.3

Gross inflow Life consists of premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	2019	2018
Gross premiums Life	5,167.2	4,794.0
Ceded reinsurance premiums	(38.1)	(36.6)
Net earned premiums Life	5,129.1	4,757.4

Non-life

The table below shows the details of net earned premiums Non-life for the year ended 31 December. Premiums for motor, fire and other damage to property, and other are grouped in Property & Casualty.

2019	Accident & Health	Property & Casualty	Total
Gross written premiums	979.9	3,238.6	4,218.5
Change in unearned premiums, gross	(5.5)	5.2	(0.3)
Gross earned premiums	974.4	3,243.8	4,218.2
Ceded reinsurance premiums	(46.5)	(278.8)	(325.3)
Reinsurers' share of unearned premiums	2.5	(1.2)	1.3
Net earned premiums Non-life	930.4	2,963.8	3,894.2

2018	Accident & Health	Property & Casualty	Total
Gross written premiums	904.5	3,162.9	4,067.4
Change in unearned premiums, gross	(5.4)	58.3	52.9
Gross earned premiums	899.1	3,221.2	4,120.3
Ceded reinsurance premiums	(29.2)	(198.4)	(227.6)
Reinsurers' share of unearned premiums	0.9	(3.3)	(2.4)
Net earned premiums Non-life	870.8	3,019.5	3,890.3

Below is a breakdown of the Non-life net earned premiums by insurance operating segment.

2019	Accident & Health	Property & Casualty	Total
Belgium	502.4	1,024.9	1,527.3
UK	22.0	473.1	495.1
Continental Europe	270.2	206.2	476.4
Reinsurance	135.8	1,260.8	1,396.6
Elimination		(1.2)	(1.2)
Net earned premiums Non-life	930.4	2,963.8	3,894.2

2018	Accident & Health	Property & Casualty	Total
Belgium	521.6	1,422.8	1,944.4
UK	29.5	1,290.9	1,320.4
Continental Europe	318.2	275.6	593.8
Reinsurance	1.5	32.1	33.6
Elimination		(1.9)	(1.9)
Net earned premiums Non-life	870.8	3,019.5	3,890.3

31

Interest, dividend and other investment income

The table below provides details of interest, dividend and other investment income for the year ended 31 December.

	2019	2018
Interest income		
Interest income on cash & cash equivalents	3.4	2.7
Interest income on loans to banks	17.2	21.3
Interest income on investments	1,534.7	1,620.4
Interest income on loans to customers	239.5	209.1
Interest income on derivatives held for trading	0.5	2.0
Other interest income	0.6	1.8
Total interest income	1,795.9	1,857.3
Dividend income from equity securities	137.9	137.3
Rental income from investment property	212.7	221.6
Rental income from parking garage	441.7	430.7
Other investment income	24.1	23.6
Total interest, dividend and other investment income	2,612.3	2,670.5

32

Result on sales and revaluations

Result on sales and revaluations for the year ended 31 December is broken down as follows.

	2019	2018
Debt securities classified as available for sale	52.9	50.5
Equity securities classified as available for sale	115.7	131.6
Financial instruments held for trading	4.8	(3.3)
Investment property	153.7	21.7
Capital gain (losses) on sale of shares of subsidiaries	13.0	41.5
Investments in associates	0.5	103.5
Property, plant and equipment	0.7	0.8
Assets and liabilities held at fair value through profit or loss	1.9	3.6
Hedging results	(4.1)	(21.5)
Other	(12.6)	(13.5)
Total Result on sales and revaluations	326.5	314.9

Hedging results contain the changes in fair value attributable to the hedged risk (mainly interest rate risk) of hedged assets and liabilities and the changes in fair value of the hedging instruments.

EUR 103.5 million in the line ‘Investments in associates’ in 2018 relates to mainly the capital gains on the sales of Cardif Luxembourg Vie, North Light and Pole Star. These disposals are explained in more detail in note 3 Acquisitions and disposals.

33

Investment income related to unit-linked contracts

The investment income related to unit-linked contracts is presented below.

	2019	2018
(Un)realised gains (losses) - insurance contracts	333.1	(201.9)
(Un)realised gains (losses) - investment contracts	1,502.3	(643.8)
(Un)realised gains (losses)	1,835.4	(845.7)
Investment income - insurance contracts	9.8	5.2
Investment income - investment contracts	53.3	187.6
Realised investment income	63.1	192.8
Total investment income related to unit-linked contracts	1,898.5	(652.9)

34

Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2019	2018
Fee and commission income		
Reinsurance commissions	80.7	23.7
Insurance and investment fees	152.2	148.4
Asset management	29.9	58.3
Guarantees and commitment fees	1.0	0.8
Other service fees	100.8	65.3
Total fee and commission income	364.6	296.5

The line item 'Other service fees' mainly relates to fees received by Ageas brokerage companies for the sale of insurance policies to third parties.

35 Other income

Other income includes the following elements for the year ended 31 December.

	2019	2018
Other income		
Proceeds of sale of property intended for sale	91.5	37.4
Recovery of staff and other expenses from third parties	31.8	70.2
Other	130.0	103.2
Total other income	253.3	210.8

The line item ‘Other’ mainly includes the re-invoicing of service costs related to rental activities.

36

Insurance claims and benefits

The details of insurance claims and benefits, net of reinsurance, for the year ended 31 December are shown in the table below.

	2019	2018
Life insurance	5,939.1	5,570.5
Non-life insurance	2,358.4	2,314.4
General account and eliminations	(2.9)	(1.8)
Total insurance claims and benefits, net	8,294.6	7,883.1

Details of Life insurance claims and benefits, net of reinsurance, are shown below.

	2019	2018
Benefits and surrenders, gross	4,578.1	4,927.7
Change in liabilities arising from insurance and investment contracts, gross	1,379.4	662.3
Total Life insurance claims and benefits, gross	5,957.5	5,590.0
Reinsurers' share of claims and benefits	(18.4)	(19.5)
Total Life insurance claims and benefits, net	5,939.1	5,570.5

Details of Non-life insurance claims and benefits, net of reinsurance, are shown in the following table.

	2019	2018
Claims paid, gross	2,449.0	2,398.9
Change in liabilities arising from insurance contracts, gross	36.7	(82.5)
Total Non-life insurance claims and benefits, gross	2,485.7	2,316.4
Reinsurers' share of claims paid	(117.7)	(62.9)
Reinsurers' share of change in liabilities	(9.6)	60.9
Total Non-life insurance claims and benefits, net	2,358.4	2,314.4

37 Financing costs

The following table shows the breakdown of financing costs by product for the year ended 31 December.

	2019	2018
Financing costs		
Subordinated liabilities	57.5	69.0
Lease liability	15.1	
Borrowings from banks	19.2	16.1
Other borrowings	2.5	1.7
Derivatives	14.2	6.6
Other liabilities	20.3	29.1
Total financing costs	128.8	122.5

38

Change in impairments

Change in impairments for the year ended 31 December is as follows.

	2019	2018
Change in impairments of:		
Investments in equity securities and other	46.7	90.6
Investment property	1.0	3.9
Loans	0.2	18.9
Reinsurance and other receivables	2.5	1.0
Property, plant and equipment	4.8	2.6
Goodwill and other intangible assets	1.0	17.3
Accrued interest and other assets		0.3
Total change in impairments	56.2	134.6

39

Fee and commission expenses

The components of fee and commission expenses for the year ended 31 December are as follows.

	2019	2018
Fee and commission expenses		
Securities	4.8	1.0
Intermediaries	1,072.8	1,013.5
Asset management fees	6.1	10.8
Custodian fees	5.7	5.5
Other fee and commission expenses	3.1	16.7
Total fee and commission expenses	1,092.5	1,047.5

40

Staff expenses

Staff expenses for the year ended 31 December are as follows.

	2019	2018
Staff expenses		
Salaries and wages	587.7	571.2
Social security charges	127.0	126.0
Pension expenses relating to defined benefit pension plans	45.8	42.3
Defined contribution plan expenses	11.4	11.7
Share-based compensation	7.0	8.7
Other	52.2	49.4
Total staff expenses	**831.1**	**809.3**

The line item ‘Other’ includes the cost of termination benefits, restructuring costs and non-monetary benefits for staff such as leased cars, restaurant and insurance premiums.

Note 6 section 6.1 Employee benefits contains further details of post-employment benefits and other long-term employee benefits, including pension costs related to defined benefit plans and defined contribution plans.

41

Other expenses

Other expenses for the year ended 31 December are as follows.

	2019	2018
Depreciation on tangible assets		
Buildings held for own use and car parks	98.7	39.3
Leasehold improvements	4.9	5.3
Investment property	91.3	98.5
Equipment	33.9	32.2
Amortisation of intangible assets		
Purchased software	7.2	6.9
Internally developed software	2.7	3.2
Value of business acquired (VOBA)	14.9	16.2
Other intangible assets	28.1	23.5
Other		
Expenses relating to leases of low-values assets	0.2	
Other rental expenses and related expenses	14.3	18.8
Variable Lease Payments	88.5	
Operating and other direct expenses relating to investment property	55.3	54.8
Operating and other direct expenses relating to property for own use	60.1	192.2
Professional fees	165.4	139.8
Capitalised deferred acquisition costs	(253.7)	(329.3)
Depreciation deferred acquisition costs	241.0	331.4
Marketing and public relations costs	67.5	55.6
Information technology costs	169.4	163.7
Maintenance and repair expenses	14.5	13.5
Cost of sale of property intended for sale	81.8	35.7
Other	295.4	256.6
Total other expenses	1,281.4	1,157.9

The line item 'Operating and other direct expenses relating to investment property' is partly offset by income accounts as reported in note 35 Other Income.

The line item 'Other' includes expenses for travel, post, telephone, temporary staff and training.

41.1 Audit fees

The line item 'Professional fees' includes fees paid to Ageas's auditors.

For 2019 and 2018, these fees can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and consolidated financial statements, the review of the interim financial statements as well as the review of the Embedded Value report;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advisory services not related to statutory auditing;
- fees for tax advice;
- other non-audit fees, which include fees for support and advice.

The breakdown of audit fees for the year ended 31 December is as follows.

		2019		2018
	Ageas Statutory Auditors	Other Ageas Auditors	Ageas Statutory Auditors	Other Ageas Auditors
Audit fees	3.7	0.1	3.7	1.7
Audit-related fees	0.7		0.1	
Tax fees	0.1		0.4	
Other non-audit fees				0.1
Total	4.5	0.1	4.2	1.8

42

Income tax expenses

The components of income tax expenses for the year ended 31 December are as follows.

	2019	2018
Current tax expenses for the current period	202.4	266.9
Adjustments recognised in the period for current tax of prior periods	(7.3)	(6.3)
Total current tax expenses	195.1	260.6
Deferred tax arising from the current period	62.4	(6.4)
Impact of changes in tax rates on deferred taxes	(0.9)	(2.3)
Deferred tax arising from the write-down or (reversal) of a deferred tax asset	(1.0)	
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	(1.1)	0.9
Total deferred tax expenses (income)	59.4	(7.8)
Total income tax expenses (income)	254.5	252.8

Below is a reconciliation from expected to actual income tax expense. Given the financial reporting consolidation at the Belgian top holding company ageas SA/NV, the Group tax rate is determined at the prevailing corporate income tax rate in Belgium. Deviations between expected and actual income tax expense in the various jurisdictions in which the Ageas Group operates resulting from local tax laws and regulations, are stated at local tax rates applicable in such jurisdictions and can be broken down into the categories depicted below

	2019	2018
Result before taxation	1,432.7	1,249.7
Applicable group tax rate	29.58%	29.58%
Expected income tax expense	423.8	369.7
Increase (decrease) against local tax rates resulting from:		
Tax exempt income (including dividend and capital gains)	(44.7)	(94.2)
Share in net result of associates and joint ventures	(165.7)	(61.6)
Disallowed items	15.8	13.5
Previously unrecognised tax losses and temporary differences	(4.1)	(0.9)
Write-down and reversal of write-down of deferred tax assets, including current year tax-losses deemed non-recoverable	36.6	25.6
Impact of changes in tax rates on temporary differences	(0.9)	(2.3)
Foreign tax rate differential	(37.5)	(23.7)
Adjustments for current and deferred tax of previous years	(4.5)	(4.2)
Deferred tax on investments in subsidiaries, associates and joint ventures	19.4	2.4
Local income taxes (state/city/cantonal/communal taxes)	0.4	1.1
Other	15.9	27.4
Actual income tax expenses (income)	254.5	252.8

Notes to items not recorded in the consolidated statement of financial position

F

43

Contingent liabilities

43.1 Contingent liabilities related to legal proceedings

Like any other financial group, Ageas Group is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments surrounding the former Fortis Group between May 2007 and October 2008 (e.g. acquisition of parts of ABN AMRO and capital increase in September/October 2007, announcement of the solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium.

On 14 March 2016 Ageas entered into a settlement agreement with several claimant organisations that represent a series of shareholders in collective claims before the Belgian and Dutch courts. On 23 May 2016 the parties to the settlement, i.e. Ageas, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis, VEB and Stichting FORsettlement requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders who will not opt out before the expiry of a given period, in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade). Ageas also reached an agreement with Mr Arnauts and Mr Lenssens, two attorneys who launched legal action against Ageas on behalf of a number of claimants, and in 2017 with the Luxembourg based company Archand s.à.r.l. and affiliated persons, to support the settlement.

On 16 June 2017, the court took the interim decision not to declare the settlement binding in its initial format. As per 16 October 2017, Ageas decided to make a final additional effort of EUR 100 million.

Per 12 December 2017, the parties submitted an amended and restated settlement agreement to the court. Consumentenclaim, an opponent of the settlement in its initial 2016 format, agreed to support the 2017 settlement.

On 13 July 2018 the Amsterdam Appeal Court declared the settlement binding on Eligible Shareholders (i.e. persons who held Fortis shares at any time between close of business on 28 February 2007 and close of business on 14 October 2008). Ageas waived its termination right on 21 December 2018, effectively making the settlement final.

This means that Eligible Shareholders are entitled to compensation for the events of 2007-2008, subject to a full release of liability with respect to these events, and in accordance with the (other) terms of the settlement agreement. It further means that Eligible Shareholders who have not timely opted out (i.e. at the latest on 31 December 2018), regardless of whether or not they timely file a claim form, are, by operation of law, deemed to have granted such release of liability and to have waived any rights in connection with the events.

The claims filing period started on 27 July 2018 and ended on 28 July 2019. As at 31 December 2019 an amount of EUR 702.2 million had already been paid out to Eligible Shareholders and a remaining provision of EUR 514.3 million had been recognised for the settlement (see note 25 Provisions).

1. CIVIL PROCEEDINGS

I Proceedings covered by the settlement

The parties to the settlement agreed to suspend the legal proceedings initiated against Ageas and instructed their lawyers accordingly. In addition, since the filing of the request with the Amsterdam Appeal Court, all legal proceedings in the Netherlands, regarding the 2007-2008 events were suspended by operation of law. Now that the settlement has become final, the parties who supported the settlement committed to terminate their legal proceedings.

The parties who timely submitted an opt-out notice may resume their legal proceedings in the Netherlands or, as the case may be, resume or continue their legal proceedings in Belgium.

In the sections below we give a comprehensive update of all residual proceedings which were not terminated by the end of 2019. These constitute contingent liabilities without provisions.

1.1 In the Netherlands

1.1.1 Claims on behalf of individual shareholders

In proceedings initiated by a series of individuals represented by Mr Bos, the Utrecht Court decided on 15 February 2012 that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. An appeal against the Utrecht Court judgement was filed with the Arnhem Appeal Court. In appeal, Mr Bos claims damages for alleged miscommunication about (i) Fortis' subprime exposure in 2007/2008, about (ii) Fortis' solvency in January – June 2008, (iii) the remedies required by the European Commission in the context of the ABN AMRO take-over and (iv) Fortis' liquidity and solvency position on 26 September 2008. These proceedings are still ongoing, a hearing took place on 3 February 2020. The court has suspended the proceedings until 3 March 2020 in view of allowing the parties to agree to an amicable settlement. The parties are still finalizing a settlement agreement and have in that light asked the court to continue the suspension of the legal proceedings. The court has extended the suspension until 31 March 2020.

1.2 In Belgium

1.2.1 Modrikamen

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Brussels Commercial Court initially requesting the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013, the Brussels Court of Appeal confirmed this judgment in this respect. In July 2014, Mr Modrikamen filed an appeal before the Supreme Court on this issue. On 23 October 2015 the Supreme Court rejected this appeal. To date the proceedings before the commercial court continue regarding the sale of Fortis Bank and aim at the payment of a compensation by BNP Paribas to Ageas, as well as by Ageas to the claimants. In an interim judgment of 4 November 2014, the court declared about 50% of the original claimants not admissible. On 29 April 2016 the Brussels Commercial Court decided to suspend the proceedings awaiting the outcome of the criminal procedure.

1.2.2 Deminor

On 13 January 2010, a series of shareholders associated with Deminor International (currently named DRS Belgium) brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of/or misleading information by Fortis during the period from March 2007 to October 2008. On 28 April 2014, the court declared in an interim judgment about 25% of the claimants not admissible. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated in the course of 2020.

1.2.3 Other claims on behalf of individual shareholders

On 12 September 2012, Patripart, a (former) Fortis shareholder, and its parent company Patrinvest, brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of or misleading information in the context of the 2007 rights issue. On 1 February 2016 the court fully rejected the claim. On 16 March 2016, Patrinvest filed an appeal before the Brussels Appeal Court. The parties have exchanged written submissions and are now awaiting a pleading date and the court's decision, for which no date has yet been set.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Brussels Commercial Court, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008; this action is suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated in the course of 2020.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action is suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated in the course of 2020.

1.3 Hold harmless undertakings

In 2008, Fortis granted certain former executives and directors, at the time of their departure, a contractual hold harmless protection covering legal expenses and, in certain cases, also the financial consequences of any judicial decisions, in the event that legal proceedings were brought against them on the basis of their mandates exercised within the Fortis group. Ageas contests the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

Furthermore, and as standard market practice in this kind of operations, Ageas entered into agreements with certain financial institutions facilitating the placing of Fortis shares in the context of the capital increases of 2007 and 2008. These agreements contain indemnification clauses that imply hold harmless obligations for Ageas subject to certain terms and conditions. Some of these financial institutions are involved in certain legal proceedings mentioned in this chapter.

In the context of a settlement with the underwriters of D&O liability insurance and Public Offering of Securities Insurance policies relating to the events and developments surrounding the former Fortis Group in 2007 - 2008, Ageas granted a hold harmless undertaking in favour of the insurers for the aggregate amount of coverage under the policies concerned. In addition, Ageas granted certain indemnity and hold harmless undertakings in favour of certain former Fortis executives and directors and of BNP Paribas Fortis relating to future defence costs, as well as in favour of the directors of the two Dutch foundations created in the context of the settlement.

II Proceedings not covered by the settlement

2.1 Legal proceedings initiated by Mandatory Convertible Securities (MCS) holders

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), together with Fortis Bank SA/NV (now BNP Paribas Fortis SA/NV), Fortis SA/NV and Fortis N.V. (both now ageas SA/NV), were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Prior to 7 December 2010, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. However, at the request of Ageas, the President of the Brussels Commercial Court suspended the effects of this decision. Following 7 December 2010, the same MCS holders contested the validity of the conversion of the MCS and requested its annulment or, alternatively, damages for an amount of EUR 1.75 billion. On 23 March 2012, the Brussels Commercial Court ruled in favour of Ageas, dismissing all claims of the former MCS holders. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 remains legally valid and no compensation is due. Certain former MCS holders appealed against this judgment, claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. Per 1 February 2019, the Brussels Court of Appeal confirmed the decision of the Commercial Court in Ageas's favour, and dismissed all claims. In July 2019, the hedge funds have filed for Supreme Court appeal against all originally involved defendants. The involved parties all filed their written submissions in 2019, a hearing date is yet to be determined.

2. CRIMINAL PROCEDURE IN BELGIUM

In Belgium, since October 2008 a criminal procedure is ongoing in relation to events mentioned above in the introduction to this chapter. In February 2013, the public prosecutor filed his written indictment with charges of (i) false annual accounts 2007 due to overestimation of subprime assets, (ii) enticement to subscribe the 2007 rights issue with incorrect information and (iii) publication of incorrect or incomplete information on subprime on various occasions between August 2007 and April 2008, for which charges he requested the *Chambre du conseil/Raadkamer* that certain individuals be referred for trial before the criminal court. As several interested parties requested and obtained additional investigative measures, the hearing before the *Chambre du conseil/Raadkamer* was postponed sine die. The public prosecutor never requested the referral of Ageas to the criminal court and stated on 20 December 2018 to no longer request the referral of the individuals to the criminal court. However, the *Chambre du conseil/Raadkamer* has not yet taken a decision in this respect and an introductory hearing before the *Chambre du conseil/Raadkamer* took place on 17 February 2020. Pleading sessions are scheduled on 8 and 9 June 2020.

3. GENERAL OBSERVATIONS

Although the vast majority of the proceedings related to the 2007-2008 events were terminated in the course of 2019 or are expected to be terminated in the course of 2020, as the settlement received the support of the majority of the parties mentioned above, some civil proceedings may be continued by claimants who have timely opted out of the settlement.

If any of these proceedings were to lead to negative consequences for Ageas or were to result in awarding monetary damages to plaintiffs claiming losses incurred as a result of the Fortis 2007-2008 events, this could have negative consequences for Ageas. The settlement has substantially decreased the scope of the possible consequences of the events of 2007-2008. However, while we do not expect said consequences to have a significant impact on the ageas SA/NV financial position or results, such consequences cannot be precisely estimated at this stage.

43.2 Liabilities for hybrid instruments of former subsidiaries

In 2007 BNP Paribas Fortis SA/NV issued CASHES (Convertible And Subordinated Hybrid Equity-linked Securities), with ageas SA/NV acting as co-obligor (BNP Paribas Fortis SA/NV was at that point in time a subsidiary). From the original 12,000 securities issued, 3,791 securities remain outstanding, representing a nominal amount of EUR 948 million.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 3,958,859 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor plus 200 basis points, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV via issuance of new shares in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

In an agreement reached in 2012, that amongst others led to the tender and subsequent conversion of CASHES, Ageas agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

43.3 Other contingent liabilities

Together with BGL BNP Paribas, Ageas Insurance International N.V. has provided a guarantee to Cardif Lux Vie S.A. for up to EUR 100 million to cover outstanding legal claims related to Fortis Lux Vie S.A., a former subsidiary of Ageas that was merged at year-end 2011 with Cardif Lux International S.A. No new claims can be introduced anymore (deadline was 31 December 2018).

Furthermore, certain individual customers of Ageas France, a fully owned subsidiary of Ageas Insurance International, filed claims against Ageas France in connection with its alleged unilateral modification of the terms and conditions of a unit-linked product by on-charging certain transaction fees. In addition to claiming reimbursement of these fees, plaintiffs also claimed prejudice for lost opportunities for arbitrating between Unit-linked funds and a guaranteed fund using latest known value dates, as well as prohibition for on-charging of the fees. In November 2014, Paris Appeal Court confirmed the first instance decision allowing the claims and appointed experts to determine the scope of indemnification. Following an appeal filed by Ageas France with the French Supreme Court, on 8 September 2016 the French Supreme Court substantially annulled the Paris Appeal Court decision and referred the case to the Versailles Appeal Court. The proceedings before the Versailles Appeal Court have been abandoned. A proceeding in first instance, which had been put on hold for several years, awaiting the decision of the French Supreme Court, has been reactivated by 2 plaintiffs. A hearing was held in the first half of October 2019; now the parties are exchanging written submissions.

44

Events after the date of the statement of financial position

Repurchase of FRESH securities

On 19 November 2019, Ageas launched, through its wholly owned subsidiary Ageasfinlux S.A., an offer to purchase in cash any and all of the outstanding FRESH securities, thereby offering an exit opportunity to the holders of FRESH securities (see note 20.1).

Holders of FRESH securities who validly tendered their FRESH by 5 p.m. CET on 2 December 2019 were offered 59.0 per cent of the principal amount of FRESH tendered and accepted for purchase, holders of FRESH securities who validly tendered their FRESH thereafter by 10 a.m. CET on 3 January 2020 were offered 56.0 per cent of the principal amount of FRESH tendered and accepted for purchase.

Ageas was committed by the tender as from the date of communication of the results of the tender to the market, i.e. on 3 January 2020. In total 65.50% (EUR 818,750,000) of the aggregate principal amount of the FRESH securities outstanding were tendered and accepted for purchase.

The purchased FRESH securities were exchanged into 2,599,206 underlying shares of ageas SA/NV on 13 January 2020. These shares will remain on the Group's statement of financial position as treasury shares and will continue not to be entitled to dividends or voting rights.

This tender transaction will generate a gain on extinguishment of debt, net of the cost of unwinding of the associated interest rate swap, of around EUR 306 million in the first quarter of 2020.

To mitigate the decrease in Ageas Group's solvency induced by the FRESH tender, ageas SA/NV issued a EUR 750 million Restricted Tier 1 subordinated instrument on 10 December 2019 (see note 20.2).

There have been no other material events after the date of the Consolidated Financial Statements that would require adjustment of the amounts recognised or disclosure in the Ageas Consolidated Financial Statements as at 31 December 2019.

Covid-19

In December 2019, the Chinese city of Wuhan had an outbreak of the Covid-19 virus. On December 31, 2019 only a limited number of cases of the Covid-19 virus were reported to the World Health Organisation. There was no clarity on human-to-human transmission at that moment. Via infected travellers, the virus subsequently spread in early 2020 and has since been officially declared a pandemic. Ageas's position is that the escalation of the severity of the virus early 2020 did not provide additional information about uncertainties that existed at the reporting date of December 31, 2019. Therefore, Ageas considers the Covid-19 virus as a non-adjusting event.

The impact of insurance claims related to Covid-19 is expected to be limited. At this time, we cannot reasonably estimate the impact on our commercial activities (sales), both directly and indirectly due to the overall reduced economic activity, but new business sales during the first quarter will be negatively affected whereas the renewal premium continues with high persistency. Regarding the impact from the high volatility and negative sentiment on the financial markets, the situation is very volatile and no accurate impact assessment can be reasonably made as to the medium to long-term impact at this time. However, in the first quarter we expect to recognize impairments on our equity portfolios and asset fair values to be negatively affected. We refer in this context to the disclosed sensitivities in Note 4 'Risk Management'.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated Financial Statements as at 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC), and for presenting the Report of the Board of Directors in accordance with the legal and regulatory requirements applicable in Belgium.

The Board of Directors has reviewed the Ageas Consolidated Financial Statements and the Report of the Board of Directors on 24 March 2020 and has authorised their issue.

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained therein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of Ageas also declares that the Report of the Board of Directors gives a fair overview of the development and performance of the businesses of the Group.

The Ageas Annual Report consisting of the Consolidated Financial Statements and Report of the Board of Directors will be submitted to the Annual General Meeting of Shareholders for approval on 20 May 2020.

Brussels, 24 March 2020

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Emmanuel Van Grimbergen *(appointed 15 May 2019)*
Chief Operating Officer	Antonio Cano
Chief Development Officer	Filip Coremans
Directors	Richard Jackson
	Yvonne Lang Ketterer
	Jane Murphy
	Lionel Perl
	Lucrezia Reichlin
	Katleen Vandeweyer
	Jan Zegering Hadders
	Sonali Chandmal

Independent Auditor's Report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF AGEAS SA/NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated financial statements of ageas SA/NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated financial statements, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the General shareholders' meeting *d.d.* 16 May 2018, following the proposal formulated by the Board of directors and following the recommendation by the Audit committee. Our mandate will expire on the date of the General shareholders' meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of the Company for two consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 109,448.7 million and a profit for the year ("Net result for the period") of EUR 1,178.2 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the *"Statutory auditor's responsibilities for the audit of the consolidated financial statements"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the Board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 43 Contingent Liabilities to the consolidated financial statements, which describes that, while the amended and restated settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 (the "Settlement") is now final, the Company is still involved in a series of legal proceedings as a result of aforementioned events. Note 43 to the consolidated financial statements specifies that since the Settlement is now final, the risks related to said legal proceedings decreased. Although the Board of directors does not expect these remaining risks to have a significant impact on the Company's financial position, such consequences cannot be precisely estimated at this stage. We concur with the Board of Directors' position. As a result, our opinion is not qualified in respect of this matter.

Emphasis of matter - subsequent event

As far as the outbreak of COVID 19 is concerned, we draw your attention to point 2.3 of the directors' report and Note 44 (“Events after the date of the statement of financial position”) of the consolidated financial statements in which the Board of directors expresses its view that, although the consequences thereof may have an impact on the Group's operations in 2020, such consequences do not have a material impact on the Group's financial position for the year ended 31 December 2019. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of the amount of the technical provisions relating to insurance activities

Description of the key audit matter

As per 31 December 2019, the technical provisions amount to EUR 85,039.6 million as detailed in note 19 to the consolidated financial statements and represent approximately 78% of the Group’s balance sheet total. For technical provisions relating to similar to non-life insurance activities, the provisions are mainly determined based on the best estimate made by claims managers, taking into account all the information available at the end of the accounting period. Regarding technical provisions relating to similar to life insurance activities, the provisions are calculated based on actuarial techniques defined by law as well as in accordance with the technical parameters arising from the said insurance contracts. As mentioned in note 2.8.11 to the consolidated financial statements, as part of the closing of the financial year, an adequacy test is carried out to ensure that the (“life” and “non-life”) insurance liabilities are sufficient considering the expected future cash flows. When and where applicable, the technical provisions are increased by any shortfall resulting from the said adequacy test.

The adequacy test of technical liabilities is based on actuarial techniques. It is relatively complex in that it is based on a number of assumptions that require significant judgment regarding future events. The latter may be influenced by future economic or business conditions as well as by laws and regulations specific to the insurance sector. The assumptions used within the adequacy test depend, with respect to similar to non-life insurance activities, mainly on the amounts paid for claims, the number of claims incurred but not yet reported and claims expenses. For similar to life insurance activities, the assumptions used depend mainly on mortality and longevity risks, effects related to the decrease in financial income (and in particular the decrease in interest rates) and overhead costs.

In addition, the Group has elected to apply “shadow” accounting (an option permitted by “IFRS 4”), introducing the possible recognition of an additional liability that would result from the application of this accounting option (hereinafter referred to as the “shadow provision”). For life insurance contracts and life investment contracts that are subject to “IFRS 4” and which are not segregated funds, this shadow provision is determined as the negative difference between the result of the adequacy test (see previous paragraph) and net unrealised capital gains of investments allocated to these contracts. In view of the above, the measurement and recognition of the shadow provision is influenced by the result of the adequacy test.

The aforementioned different elements, combined with the possible uncertainty related to modelling techniques and the discretionary nature of the assumptions used in the adequacy test, are the main reasons why we considered this topic as a key audit matter.

Our audit procedures related to the key audit matter

We carried out verifications regarding the operational effectiveness of the controls implemented by the Group in order to ensure the quality of the data used within the adequacy test of technical provisions.

Supported by our in-house actuarial experts, we also assessed the relevance of the assumptions used in relation to current market conditions and their adequacy with respect to the technical results recorded during the year under review.

For non-life insurance activities, we have independently recalculated the best estimate of claims reserves based on recognised actuarial techniques. We then compared our results with those of the Group and obtained satisfying documentation regarding the significant differences observed.

For life insurance activities, we have evaluated the analysis of movements in technical provisions prepared by management and, where necessary, analysed the reconciling items.

We also ensured that the flows (inward and outward) used in the adequacy test of the technical provisions were consistent with those used in the calculation of the best estimate of insurance liabilities under the "Solvency II" framework.

For a sample of contracts, we tested the accuracy of the key data included in the main technical systems and which is also used in the adequacy test of technical provisions.

Finally, we shared and corroborated our conclusions with the members of the Audit committee, the Executive committee and the Group's actuarial function.

Based on the aforementioned audit procedures, we believe that the assumptions used in the adequacy test of technical provisions are reasonable in relation to the current market conditions and the technical results of the past financial year.

Valuation of unquoted financial assets

Description of the key audit matter

The Group holds financial assets that are not listed on a regulated market. These mainly consist of corporate bonds and shares in unlisted companies, detail of which can be found in note 10.2 and 10.3, levels 2 and 3, to the consolidated financial statements. The techniques and models used to value these financial assets involve a variety of assumptions that include, for many of them, some degree of judgment. In addition, the number of elements that might affect the determination of the fair value depends both on the type of instrument and the instrument itself. As a result, the use of various valuation techniques and assumptions could lead to significantly different fair value estimates.

The uncertainty associated with these valuation techniques and models selected per type of instrument is the main reason why we considered this subject as a key audit matter.

Our audit procedures related to the key audit matter

We obtained an understanding of the internal control system for the valuation of financial assets, including controls over pricing and the model validation process.

We selected a sample of financial assets and, with the assistance of our valuation experts, reviewed the estimates made and the main assumptions used in determining their fair value, taking into account market data. Where necessary, we also tested the standing data used in the determination of fair value. Our experts have, for a sample of selected financial assets, independently recalculated the fair value. Finally, we verified compliance with the application of the accounting policies adopted by the Group.

We believe that the main assumptions used in the determination of the market value are reasonable. Our independent tests did not reveal any exception in determining the market value of investments for which a quoted price in an active market is not available.

IT systems and automated controls over the financial reporting

Description of the key audit matter

In view of the significant volume of transactions recorded, the reliability of accounting and financial information is fundamentally dependent on the quality of information systems, interfaces and related controls.

Automated accounting processes, the control environment for IT systems and in particular IT governance, as well as general controls over these systems, must be designed and operated effectively to ensure the reliability of financial information. The large number of automated controls across the numerous technical systems and the importance of the interfaces between these different IT systems with each other and with the accounting system are the main reasons why we considered this subject as a key audit matter.

Our audit procedures related to the key audit matter

Supported by our IT audit specialists, we gained an understanding of the Group's overall governance framework for managing IT systems.

As part of our audit work, we also assessed the IT general controls ("ITGC") related to computer systems such as program and data access controls, computer operation controls and controls over developments and changes to these systems. In addition, our audit procedures also included an assessment of the design of key processes and automated controls that lead to the preparation of the financial information produced by the Group. Based on the results of these assessments, we performed the audit procedures considered as necessary to ensure the reliability of the accounting and financial information produced by the IT systems.

Finally, we ensured the integrity of the data transmitted by the different computer systems to the systems that produce the financial information.

Responsibilities of the Board of directors for the preparation of the consolidated financial statements

The Board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated financial statements in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the Board of directors' current or future business management.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of directors;

- conclude on the appropriateness of the Board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The Board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated financial statements and to report on this matter.

Aspects related to the directors' report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations Code is included in the directors' report on the consolidated financial statements. The Company has prepared the non-financial information, based on the United Nations "Sustainable Development Goals". However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with said framework as disclosed in the consolidated financial statements.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

Other statement

This report is consistent with the additional report to the Audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 24 March 2020

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Yves Vandenplas
Réviseur d'Entreprises / Bedrijfsrevisor

ageas SA/NV
Statutory Accounts
2019

General information

1. Foreword

Most 'general information' is included in the Report of the Board of Directors of Ageas. This section of general information contains solely information on ageas SA/NV that has not been provided elsewhere.

2. Identification

The company is a public limited liability company bearing the name ageas SA/NV. Its registered office is at Rue du Marquis 1, 1000 Brussels. The company is registered in the Brussels register of legal entities under no. 0451.406.524.

3. Incorporation and publication

The company was incorporated on 6 November 1993 under the name Fortis Capital Holding.

4. Places where the public can verify company documents

The Articles of Association of ageas SA/NV can be inspected at the Registry of the Commercial Court at Brussels, at the company's registered office and at the website of Ageas.

Decisions on the appointment and resignation of Board Members of the companies are published, among other places, in the annexes to the Belgian Official Gazette. Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The financial statements of the company are available at the registered office and are also filed with the National Bank of Belgium. They are sent each year to registered shareholders and to others on request.

5. Amounts

All amounts stated in the additional disclosures are denominated in millions of euros, unless otherwise indicated.

6. Audit opinion

PwC issued an unqualified auditor's report with an emphasis of matter paragraph on the ageas SA/NV company financial statements.

7. Reinsurance

In June 2018 NBB granted reinsurances licence to the company for both Non-Life and Life.

- Reinsurance operations started as from 2018 with Quota-share (QS) and Loss Portfolio Transfers (LPT) arrangements with the Non-Life entities of Portugal, AG Insurance and Ageas Insurance Limited;
- Furthermore Intreas NV transferred his reinsurance activities to ageas SA/NV in the course of 2019 (liquidation of Intreas in 2019).

Disclosure on items in the statement of financial position and income statement and regulatory requirements

1.1 Statutory results of ageas SA/NV under Belgian Accounting Principles

ageas SA/NV reported for the financial year 2019 a net profit of EUR 209 million (2018: EUR 825 million) and a shareholders' equity of EUR 5,673 million (2018: EUR 6,160 million).

1.2 Notes to the balance sheet and income statement

1.2.1 Assets

1.2.1.1 Intangible fixed assets

(2019: EUR 9 million; 2018: EUR 1 million)

1.2.1.2 Investments

(2019: EUR 8,317 million; 2018: EUR 7,140 million)

Investments in participating interests (EUR 7,012 million)

The investments in Ageas Inusurance International (EUR 6,440 million) and Royal Park Investments (EUR 4 million) remained stable compared to 31 December 2018.

Notes, bonds and receivables consist of loans to affiliates (EUR 571 million). The movement compared to last year stems from a new loan (EUR 221 million).

Other investments (EUR 726 million)

These comprise fixed income securities (EUR 226 million) and deposits with credit institutions (EUR 500 million). Prior year's fixed income securities consisted of treasury bonds (EUR 350 million) which matured during 2019.

Deposits with ceding companies (EUR 579 million)

This section comprises deposits received related to incoming reinsurance agreements with funds withheld.

1.2.1.3 Part of the reinsurer in the technical provisions

(2019: EUR 22 million; 2018: EUR 0 million)

1.2.1.4 Debtors

(2019: EUR 228 million; 2018: EUR 82 million)

Receivables include EUR 199 million related to centralized cash pooling.

1.2.1.5 Other assets

(2019: EUR 698 million; 2018: EUR 551 million)

Treasury shares

This section comprises treasury shares acquired through share-buy back programmes and treasury shares acquired to cover the restricted share plans for some members of staff and directors of the company.

1.2.1.6 Prepayments and accrued income

(2019: EUR 19 million; 2018: EUR 14 million)

Accrued income relates mainly to accrued interests (EUR 17 million) on intercompany loans.

1.2.2 Liabilities

1.2.2.1 Equity

(2019: EUR 5,673 million; 2018: EUR 6,160 million)

Subscribed capital

(2019: EUR 1,502 million; 2018: EUR 1,502 million)

Share premium reserve

(2019: EUR 2,051 million; 2018: EUR 2,051 million)

Legal reserve

(2019: EUR 66 million; 2018: EUR 55 million)

5 percent of the profit available for appropriation was allocated to the legal reserve.

Reserves not available for distribution

(2019: EUR 182 million; 2018: EUR 201 million)

Reserves not available for distribution are set up for own shares held.

Reserves available for distribution

(2019: EUR 1,595 million; 2018: EUR 1,777 million)

The decrease in the reserves available for distribution reflects the net effect of a transfer to the reserves not available for distribution related to the buy-back of own shares (EUR 185 million) and a transfer from reserves not available for distribution of EUR 3 million related to the settlement of a share plan.

Profit/loss carried forward

(2019: EUR 277 million; 2017: EUR 573 million)

The 2019 financial year closed with a profit of EUR 209 million. After profit appropriation to the legal reserves (EUR 10 million) and the proposed dividend (EUR 495 million), the profit to be carried forward amounts to EUR 277 million.

1.2.2.2 Subordinated liabilities

(2019: EUR 1,246 million; 2018: EUR 0 million)
In 2019, 2 subordinated liabilities have been issued:

- On 10 April 2019 ageas SA/NV issued its inaugural debt securities in the form of EUR 500 million Subordinated Fixed to Floating Rate Notes maturing in 2049.
- On 10 December 2019 ageas SA/NV issued subordinated debt securities for an aggregate principal amount of EUR 750 million in the form of Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes.

1.2.2.3 Technical Provisions

(2019: EUR 943 million; 2018: EUR 3 million)
The unearned premiums reserves (EUR 224 million) and claims reserves (EUR 703 million) relate to intra-group incoming reinsurance programs.
An equalization reserve has been set up (EUR 17 million) in 2019.

1.2.2.4 Provisions

(2019: EUR 873 million; 2018: EUR 1,171 million)
The decrease in the provisions is explained by reduction in the provision for the settlement following payments to eligible shareholders in 2019. See note 25 'Provisions' of the Consolidated Financial Statements for more details.

1.2.2.5 Creditors

(2019: EUR 540 million; 2018: EUR 446 million)
The increase in amounts payable is mainly explained by higher dividends payable for the financial year (2019: EUR 495 million; 2018: EUR 415 million).

1.2.2.6 Accruals and deferred income

(2019: EUR 17 million; 2018: EUR 8 million)

1.2.3 Income statement

1.2.3.1 Balance on the technical account non-life business

(2019: EUR (40) million; 2018: EUR 1 million)
Non-Life Quota Share and Loss Portfolio Transfer incoming reinsurance contracts have been concluded with affiliated companies in 2019.

1.2.3.2 Non technical account: Investment income

(2019: EUR 374 million; 2018: EUR 831 million)
Investment income includes dividends received from subsidiaries and equity associates (2019: EUR 352 million; 2018: EUR 813 million).

1.2.3.3 Non technical account: Investments charges

(2019: EUR 32 million; 2018: EUR 17 million)

1.2.3.4 Other income

(2019: EUR 5 million; 2018: EUR 93 million)
The decrease in other income relates to the prior year expected lower settlement amount of RPN(I) (EUR 89 million).

1.2.3.5 Other charges

(2019: EUR 98 million; 2018: EUR 82 million)

The components of the charges are as follows:

- Services and miscellaneous goods EUR 56 million
- Staff expenses EUR 20 million
- Costs settlement foundations EUR 22 million

1.3 Regulatory requirements (art. 3:6 and 3:32 of the Belgian Company Code)

Conflict of interest

Due to a conflict of interest and as required by article 523 of the Company Code, extract of the minutes of the meeting of the Board of Directors of 19 February 2019 is included in the Report of the Board of Directors attached to the statutory financial statements of ageas SA/NV.

1.3.1 Information on circumstances that could profoundly influence the development of the company

See note 'Forward-looking statements to be treated with caution'.

1.3.2 Information on research and development

The company did not carry out any research and development activities.

1.3.3 Branches

As a consequence of the merger between ageas SA/NV and ageas N.V. in 2012, a branch was opened in the Netherlands (Ageas Dutch Branch). This branch was closed in 2018.

1.3.4 Events after the date of the statement of financial position

Refer to note 44 on repurchase of FRESH securities and Covid-19 in the Ageas's Consolidated Financial statements.

1.3.5 Other information that according to the Belgian Company Code should be included in the Annual Report

Discharge of the directors and external auditor

As prescribed by law and the company's Articles of Association, we will request the General Meeting of Shareholders to grant the company's Board of Directors and Auditor discharge in respect of the execution of their mandate.

Capital increase and issue of warrants

In 2019 no capital increase or issue of warrants was made.

Non-audit assignments carried out by the auditor in 2019

In 2019, the external auditor carried out an additional assignment on tax consultancy.

Use of financial instruments

See note 4 'Risk Management' of the Consolidated Financial Statements.

Corporate Governance Statement

See Report of the Board of Directors, part 4 'Corporate Governance Statement', in the Annual Report.

Remuneration report

See Report of the Board of Directors, part 4.7 'Report of the Remuneration Committee', in the Annual Report.

10					EUR		
NAT.	Date of the deposition	N°	P.	U.	D.		C1.

ANNUAL ACCOUNTS IN EUROS

NAME :	AGEAS SA/NV
Legal form :	NV
Address :	Markiesstraat 1 – Box 7
Postal code :	1000
Municipality :	Brussels
Register of Legal Persons (RLP) - Office of the commercial court at :	Brussels, nederlandstalige
Internet address :	www.ageas.com
Company number :	451.406.524
Date :	2019-06-06 of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association

ANNUAL ACCOUNTS approved by the General Meeting of :	2020-05-20
concerning the financial year covering the period from :	2019-01-01 to 2019-12-31
previous period from :	2018-01-01 to 2018-12-31
The amounts of the previous financial year are identical to those previously published :	yes / ~~no~~ **

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise of the DIRECTORS, MANAGERS and AUDITORS

- DE MEY Jozef, Nevelse Warande 13A, 9830 Sint-Martens Latem, Belgium, Chairman of the Board, mandate from 15/05/2019 to 19/05/2021
- DE SMET Bart, Maleizenstraat 65, 3020 Herent, Belgium, Director, mandate from 17/05/2017 to 19/05/2021
- CANO Antonio, Korteveld 18, 3090 Overijse, Belgium, Director, mandate from 27/04/2016 to 20/05/2020
- HADDERS Jan Zegering, Sint Janstraat 61a, 1251 LC Laren, The Netherlands, Director, mandate from 15/05/2019 to 19/05/2021
- de SELLIERS de MORANVILLE Guy, 160 Kensington Park Road, London W11 2ER, United Kingdom, Vice Chairman of the Board, mandate from 15/05/2019 to 17/05/2023
- VANDEWEYER Kathleen, Priorijlaan 7A, 2900 Schoten, Belgium, Director, mandate from 17/05/2017 to 19/05/2021
- PERL Lionel, Résidence Chateau d'Azur – 44 Boulevard d'Italie, 98000 Monaco, Monaco, Director, mandate from 15/05/2019 to 19/05/2021
- MURPHY Jane, Avenue Huart Amoir 71, 1030 Brussels, Belgium, Director, mandate from 27/07/2016 to 20/05/2020
- COREMANS Filip, Heidestraat 5, 3140 Keerbergen, Belgium, Director, mandate from 15/05/2019 to 17/05/2023
- BOIZARD Christophe, Rue du Mont Valérien 7, 92210 Saint-Cloud, France, Director, mandate from 15/05/2019 to 17/05/2023

(Page C1.a continued, if applicable)

Attached to these annual accounts are the following:
- the statutory auditors' report**
- the management report**

Total number of pages deposited: :

Number of the pages of the standard form not deposited for not being of service :

Signature	Signature
(name and function)	(name and function)
Jozef De Mey - Chairman of the Board	Bart De Smet - CEO

* *Optional statement.*

** *Delete where appropriate.*

10					EUR		
NAT.	Date of the deposition	N°	P.	U.	D.		C1.

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise of the DIRECTORS, MANAGERS and AUDITORS

- JACKSON Richard, 56 West Street, Reigate, Surrey RH2 9DB, United Kingdom, Director, mandate from 27/04/2016 to 20/05/2020
- LANG KETTERER Yvonne, Büelenebnetstrasse 28, 8820 Wädenswil, Switzerland, Director, mandate from 27/04/2016 to 20/05/2020
- REICHLIN Lucrezia, 19 Lawford Road, Kentish Town, Londen NW5 2LH, United Kingdom, Director, mandate from 27/04/2016 to 20/05/2020
- CHANDMAL Sonali, Avenue du Vivier d'Oie 1, 1000 Brussel, Belgium, Director, mandate from 16/05/2018 to 18/05/2022
- VAN GRIMBERGEN Emmanuel, Heikestraat 26, 3190 Boortmeerbeek, Belgium, Director, mandate from 15/05/2019 to 17/05/2023.

PWC Reviseurs d'Entreprises srl / Bedrijfsrevisoren bv, Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium
Statutory auditor, represented by Mr. VANDENPLAS Yves (membership number A01525)
Mandate from 16/05/2018 to 19/05/2021

VAT	EUR	C1.a

- The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

- Have the annual accounts been audited or adjusted by an external accountant or auditor who is not an statutory auditor? ~~YES~~ / NO (1).
  If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:
  A. Bookkeeping of the undertaking (2),
  B. Preparing the annual accounts (2),
  C. Auditing the annual accounts,
  D. Adjusting the annual accounts.

- If the assignment mentioned either under A (Bookkeeping of the undertaking) or B (Preparing the annual accounts) is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names,

(1) Delete where appropriate.
(2) Optional statement.

Name, first names, profession and residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

Annex to the Royal Decree on the annual accounts of insurance companies

Chapter I. Structure of the annual accounts

Section I. Balance sheet at 31/12/2019 (in Euro units)

Assets	Codes	Current period	Previous period
A. -	-		
B. Intangible assets (statement 1)	21	9,130,307	654,862
I. Formation expenses	211	8,662,995	0
II. Intangible assets	212	467,312	654,862
1. Goodwill	212.1	0	0
2. Other intangible assets	212.2	467,312	654,862
3. Advances paid	212.3	0	0
C. Investments (statements 1, 2 and 3)	22	8,317,368,173	7,140,642,525
I. Land and buildings (statement 1)	221	0	0
1. Buildings used by the company as part of its own business	221.1	0	0
2. Other	221.2	0	0
II. Investments in affiliated entrerprises and participations (statements 1, 2 and 18)	222	7,011,898,891	6,790,642,525
- Affiliated entreprises	222.1	7,007,415,950	6,786,159,584
1. Participating interests	222.11	6,436,159,584	6,436,159,584
2. Notes, bonds and receivables	222.12	571,256,366	350,000,000
- Other companies with which there is a participation link	222.2	4,482,941	4,482,941
3. Participating interests	222.21	4,482,941	4,482,941
4. Notes, bonds and receivables	222.22	0	0
III. Other financial investments	223	726,393,952	350,000,000
1. Equities, shares and other variable income securities (statement 1)	223.1	0	0
2. Bonds and other fixed income securities (statement 1)	223.2	226,386,941	350,000,000
3. Shares in investment pools	223.3	0	0
4. Loans and mortgages	223.4	0	0
5. Other loans	223.5	0	0
6. Deposits with other credit institutions	223.6	500,007,011	0
7. Other	223.7	0	0
IV. Deposits with ceding entities	224	579,075,330	0
D. Investments related to operations related to an investment fund of the "life" business group, and whose investment risk is not borne by the company	23	0	0

Liabilities	Codes	Current period	Previous period
A. Shareholders' equity (statement 5)	11	5,673,422,754	6,159,829,549
I. Subscribed capital or fund equivalent. net of capital uncalled	111	1,502,364,273	1,502,364,273
1. Subscribed capital	111.1	1,502,364,273	1,502,364,273
2. Uncalled capital (-)	111.2	(0)	(0)
II. Share premium reserve	112	2,050,976,359	2,050,976,359
III. Capital gain from revaluation	113	0	0
IV. Reserves	114	1,842,866,665	2,033,651,752
1. Legal reserve	114.1	66,218,835	55,748,362
2. Reserves not available for distribution	114.2	181,850,446	201,255,449
a) for treasury shares	114.21	181,850,446	201,255,449
b) other	114.22	0	0
3. Untaxed reserves	114.3	0	0
4. Reserves available for distribution	114.4	1,594,797,384	1,776,647,942
V. Result carried forward	115	277,215,458	572,837,164
1. Profit carried forward	115.1	277,215,458	572,837,164
2. Loss carried forward (-)	115.2	(0)	(0)
VI. -	-		
B. Subordinated liabilities (statements 7 and 18)	12	1,246,316,701	0
Bbis. Funds for future provisions	13	0	0
C. Technical provisions (statement 7)	14	943,599,529	2,723,700
I. Provisions for unearned premiums and current risks	141	223,948,585	0
II. Life insurance provision	142	0	0
III. Claims provision	143	703,029,125	2,723,700
IV. Provision for participations in profits and dividends	144	0	0
V. Provision for equalisation and disasters	145	16,621,820	0
VI. Other technical provisions	146	0	0
D. Relative technical provisions to transactions related to a fund of the group's investment **of 'life' activities when the risk of investment is not borne by the company (statement 7)**	15	0	0

Annex to the Royal Decree on the annual accounts of insurance companies

Chapter I. Structure of the annual accounts

Section I. Balance sheet at 31/12/2019 (in Euro units)

Assets	Codes	Current period	Previous period
Dbis. Reinsurers' share of technical provisions	**24**	22,677,192	0
I. Provisions for unearned premiums and current risks	241	0	0
II. Life insurance provision	242	0	0
III. Claims provision	243	22,677,192	0
IV. Provision for profit-sharing and retrocessions	244	0	0
V. Other technical provisions	245	0	0
VI. Provisions related to operations related to an investment fund of the "life" business group when the investment risk is not borne by the company	246	0	0
E. Receivables (statements 18 and 19)	**41**	228,067,650	81,868,603
I. Receivables from direct insurance operations	411	0	0
1. Policyholders	411.1	0	0
2. Insurance intermediaries	411.2	0	0
3. Other	411.3	0	0
II. Receivables from reinsurance	412	13,529,941	3,337,260
III. Other receivables	413	214,537,709	78,531,343
IV. Subscribed capital, called but not paid up	414	0	0
F. Other assets	**25**	697,881,880	550,973,951
I. Property, plant and equipment	251	749,058	445,922
II. Liquid assets	252	515,269,875	349,260,078
III. Treasury shares	253	181,850,445	201,255,449
IV. Other	254	12,503	12,503
G. Accrued charges and deferred income (statement 4)	*431/433*	18,992,484	13,773,561
I. Accrued interest and rent	431	16,947,809	0
II. Acquisition costs carried forward	432	0	0
1. Non-life insurance operations	432.1	0	0
2. Life insurance operations	432.2	0	0
III. Other accrued charges and deferred income	433	2,044,676	13,773,561
TOTAL	*21/43*	9,294,117,687	7,787,913,503

Liabilities	Codes	Current period	Previous period
E. Provisions for other risks and charges	**16**	873,266,723	1,171,292,586
I. Provisions for pensions and similar obligations	161	0	0
II. Provisions for taxes	162	0	0
III. Other provisions (statement 6)	163	873,266,723	1,171,292,586
F. Desposits received from reinsureres	**17**	0	0
G. Payables (statements 7 and 18)	**42**	540,192,660	446,101,730
I. Payables from direct insurance operations	421	0	0
II. Reinsurance payables	422	13,791,526	0
III. Unsubordinated bonds	423	0	0
1. Convertible bonds	423.1	0	0
2. Non-convertible bonds	423.2	0	0
IV. Amounts payable to credit institutions	424	0	0
V. Other amounts payable	425	526,401,134	446,101,730
1. Tax, salary and social liabilities	425.1	5,390,059	4,951,270
a) Taxes	425.11	811,942	1,265,695
b) Remuneration and social charges	425.12	4,578,116	3,685,575
2. Other	425.2	521,011,075	441,150,460
H. Accrued charges and deferred income (statement 8)	*434/436*	17,319,321	7,965,940
TOTAL	*11/43*	9,294,117,687	7,787,913,503

Chapter I. Structure of the annual accounts

Section II. Income statement as of 31/12/2019 (in Euro units)

I. Non-life technical account

Name	Codes	Current period	Previous period
1. **Premiums earned, net of reinsurance**	710	933,444,287	4,634,704
a) Gross earned premiums (statement 10)	710.1	981,054,593	4,634,704
b) Ceded reinsurance premiums (-)	710.2	(50,174,084)	(0)
c) Change in provisions for unearned premiums and current risks, gross of reinsurance (increase -, decrease +)	710.3	2,563,778	0
d) Change in provisions for unearned premiums and current risks, reinsurers' share (increase +, decrease -)	710.4	0	0
2. **Allocated investment income transferred from the non-technical account (item 6)**	711	0	0
2bis. **Investment income**	712	11,819,993	273
a) Income from investments in affiliated enterprises or with which there is a participation link	712.1	0	0
aa) Affiliated entreprises	712.11	0	0
1° Participations	712.111	0	0
2° Notes, bonds and receivables	712.112	0	0
bb) Other companies with which there is a participation link	712.12	0	0
1° Participations	712.121	0	0
2° Notes, bonds and receivables	712.122	0	0
b) Income from other investments	712.2	11,802,977	273
aa) Income from land and buildings	712.21	0	0
bb) Income from other investments	712.22	11,802,977	273
c) Reversals of valuation adjustments on investments	712.3	0	0
d) Gains on disposals	712.4	17,016	0
3. **Other technical income, net of reinsurance**	714	213,966	0
4. **Cost of claims, net of reinsurance (-)**	610	(623,798,296)	(2,723,700)
a) Net amounts paid	610.1	447,071,458	0
aa) gross amounts (statement 10)	610.11	447,071,458	0
bb) reinsurers' share (-)	610.12	(0)	(0)
b) Change in provision for claims, gross of reinsurance (increase +, decrease -)	610.2	176,726,837	2,723,700
aa) Change in provisions for claims, gross of reinsurance (statement 10) (increase +,decrease -)	610.21	199,404,030	0
bb) Change in provisions for claims, share of reinsurers (increase -, decrease +)	610.22	(22,677,193)	0

Chapter I. Structure of the annual accounts
Section II. Income statement as of 31/12/2019 (in Euro units)

I. Non-life technical account

Name	Codes	Current period	Previous period
5. Change in other technical provisions, net of reinsurance (increase -, decrease +)	611	0	0
6. Profit-sharing and retrocessions, net of reinsurance (-)	612	(0)	(0)
7. Net operating expenses (-)	613	(340,622,231)	(1,297,717)
a) Acquisition costs	613.1	342,435,823	1.297.717
b) Change in the amount of acquisition costs carried expensed in assets (increase -, decrease +)	613.2	0	0
c) Management costs	613.3	2,092,996	0
d) Commissions received from reinsurers and profit-sharing (-)	613.4	(3,906,588)	(0)
7bis. Investment expenses (-)	614	(2,447,518)	(0)
a) Investment management expenses	614.1	2,447,518	0
b) Valuation adjustments on investments	614.2	0	0
c) Losses on disposals	614.3	0	0
8. Other technical costs, net of reinsurance (-)	616	(2,301,133)	(0)
9. Change in provisions for equalisation and disasters, net of reinsurance (increase -, decrease +)	619	16,621,820	0
10. Result of the non-life technical account			
Profit (+)	*710 / 619*	0	613,560
Loss (-)	*619 / 710*	(40,312,752)	(0)

Chapter I. Structure of the annual accounts

Section II. Income statement as of 31/12/2019 (in Euro units)

II. Life technical account

Name	Codes	Current period	Previous period
1. Net reinsurance premiums	720	0	0
a) Gross earned premiums (statement 10)	720.1	0	0
b) Ceded reinsurance premiums (-)	720.2	(0)	(0)
2. Investment income	722	0	0
a) Income from investments in affiliated enterprises or with which there is a participation link	722.1	0	0
aa) Affiliated entreprises	722.11	0	0
1° Participations	722.111	0	0
2° Notes, bonds and receivables	722.112	0	0
bb) Other companies with which there is a participation link	722.12	0	0
1° Participations	722.121	0	0
2° Notes, bonds and receivables	722.122	0	0
b) Income from other investments	722.2	0	0
aa) Income from land and buildings	722.21	0	0
bb) Income from other investments	722.22	0	0
c) Reversals of valuation adjustments on investments	722.3	0	0
d) Gains on disposals	722.4	0	0
3. Valuation adjustments on investments of item D. in assets (income)	723	0	0
4. Other technical income, net of reinsurance	724	0	0
5. Cost of claims, net of reinsurance (-)	620	(0)	(0)
a) Net amounts paid	620.1	0	0
aa) gross amounts	620.11	0	0
bb) reinsurers' share (-)	620.12	(0)	(0)
b) Change in provision for claims, net of reinsurance (increase +, decrease -)	620.2	0	0
aa) Change in provisions for claims, gross from reinsurance (increase +, decrease -)	620.21	0	0
bb) Change in provisions for claims, share of reinsurers (increase -, decrease +)	620.22	0	0

Chapter I. Structure of the annual accounts

Section II. Income statement as of 31/12/2019 (in Euro units)

II. Life technical account

Name	Codes	Current period	Previous period
6. Change in other technical provisions, net of of reinsurance (increase -, decrease +)	621	0	0
a) Change in provision for life insurance, net from reinsurance (increase -, decrease +)	621.1	0	0
aa) change in life insurance provision, gross of reinsurance (increase -,decrease +)	621.11	0	0
bb) change in life insurance provision, reinsurers' share (increase +, decrease -)	621.12	0	0
b) Change in other technical provisions net of reinsurance (increase -, decrease +)	621.2	0	0
7. Profit-sharing and retrocessions, net of reinsurance (-)	622	(0)	(0)
8. Net operating expenses (-)	623	(0)	(0)
a) Acquisition costs	623.1	0	0
b) Change in the amount of acquisition costs carried expensed in assets (increase -, decrease +)	623.2	0	0
c) Management costs	623.3	0	0
d) Commissions received from reinsurers and profit-sharing (-)	623.4	(0)	(0)
9. Investment expenses (-)	624	(0)	(0)
a) Investment management expenses	624.1	0	0
b) Valuation adjustments on investments	624.2	0	0
c) Losses on disposals	624.3	0	0
10. Valuation adjustments on investments of item D. in assets (costs) (-)	625	(0)	(0)
11. Other technical costs, net of reinsurance (-)	626	(0)	(0)
12. Allocated investment income transferred to the non-technical account (item 4) (-)	627	(0)	(0)
12bis. Change in fund for future provisions (increase -, decrease +)	628	0	0
13. Result of the life technical account			
Profit (+)	*720 / 628*	0	0
Loss (-)	*628 / 720*	(0)	(0)

Chapter I. Structure of the annual accounts

Section II. Income statement as of 31/12/2019 (in Euro units)

III. Non-technical account

Name		Codes	Current period	Previous period
1.	Result of the non-life technical account (item 10)			
	Profit (+)	*(710 / 619)*	0	613,560
	Loss (-)	*(619 / 710)*	(40,312,752)	(0)
2.	Result of the life technical account (item 13)			
	Profit (+)	*(720 / 628)*	0	0
	Loss (-)	*(628 / 720)*	(0)	(0)
3.	Investment income	730	374,301,491	830,877,000
	a) Income from investments in affiliated entreprises or other companies with which there is a participation link	730.1	374,301,491	830,877,000
	b) Income from other investments	730.2	0	0
	aa) Income from land and buildings	730.21	0	0
	bb) Income from other investments	730.22	0	0
	c) Reversals of valuation adjustments on investments	730.3	0	0
	d) Gains on disposals	730.4	0	0
4.	Allocated investment income, transferred from the life technical account (item 12)	731	0	0
5.	Investment expenses (-)	630	(31,806,672)	(16,666,531)
	a) Investment management expenses	630.1	31,806,672	16,666,531
	b) Valuation adjustments on investments	630.2	0	0
	c) Losses on disposals	630.3	0	0
6.	Allocated investment income, transferred to the non-life technical account (item 2) (-)	631	(0)	(0)
7.	Other income (statement 13)	732	5,614,299	93,041,528
8.	Other charges (statement 13) (-)	632	(98,277,224)	(81,371,853)
8bis.	Current result before taxation			
	Profit (+)	*710 / 632*	209,519,142	826,493,705
	Loss (-)	*632 / 710*	(0)	(0)
9.	-	-		
10.	-	-		

III. Non-technical account

Name		Codes	Current period	Previous period
11.	Extraordinary income (statement 14)	733	0	0
12.	Extraordinary expenses (statement 14) (-)	633	(0)	(0)
13.	Extraordinary result			
	Profit (+)	*733 / 633*	0	0
	Loss (-)	*633 / 733*	(0)	(0)
14.	-	-		
15.	Taxes on income (-/+)	634 / 734	109,690	1,233,963
15bis.	Deferred taxes (-/+)	635 / 735	0	0
16.	Profit/(loss) for the financial year			
	Profit (+)	*710 / 635*	209,409,452	825,259,742
	Loss (-)	*635 / 710*	(0)	(0)
17.	a) Withdrawals from untaxed reserves	736	0	0
	b) Transfers to untaxed reserves (-)	636	(0)	(0)
18.	Profit/(loss) for the financial year			
	Profit (+)	*710 / 636*	209,409,452	825,259,742
	Loss (-)	*636 / 710*	(0)	(0)

Chapter I. Structure of the annual accounts

Section II. Income statement as of 31/12/2019 (in Euro units)

III. Non-technical account

Name	Codes	Current period	Previous period
A. Profit to be appropriated	710 / 637.1	782,246,052	1,029,809,041
Loss to be appropriated (-)	637.1 / 710	(0)	(0)
1. Profit for the financial year available for appropriation	710 / 636	209,409,452	825,259,742
Loss for the financial year available for appropriation (-)	636 / 710	(0)	(0)
2. Profit carried forward from the previous financial year	737.1	572,836,600	204,549,299
Loss carried forward from the previous financial year (-)	637.1	(0)	(0)
B. Transfers from shareholders' equity	737.2 / 737.3	0	0
1. from the capital and share premium reserves	737.2	0	0
2. from reserves	737.3	0	0
C. Allocations to equity (-)	637.2 / 637.3	(10,470,473)	(41,262,987)
1. to the capital and share premium reserves	637.2	0	0
2. to legal reserve	637.31	10,470,473	41,262,987
3. to other reserves	637.32	0	0
D. Result to be carried forward			
1. Profit to be carried forward (-)	637.4	(277,215,458)	(572,837,282)
2. Loss to be carried forward	737.4	0	0
E. Partners' participation in the loss	737.5	0	0
F. Profit to be distributed (-)	637.5 / 637.7	(494,560,122)	(415,708,772)
1. Dividends	637.5	494,560,122	415,708,772
2. Directors or managers	637.6	0	0
3. Other recipients	637.7	0	0

No. 1. Statement of intangible assets, investment property and investment securities

	Names		Codes	Asset items concerned			Asset items concerned			Asset items concerned	
				B. Intangible assets	C.I. Land and buildings	C.II.1. Participations in affiliated entreprises	C.II.2. Notes, bonds and receivables in affiliated entreprises	C.II.3. Participations in entities with which there is a participation link	C.II.4. Notes, bonds and receivables in entities with which there is a participation link	C.III.1. Equities, shares and other variable income securities	C.III.2. Bonds and other fixed income securities
				1	2	3	4	5	6	7	8
a)	ACQUISITION VALUES										
	During the previous financial year		08.01.01	937,750		6,436,159,584	350,000,000	4,482,941			350,000,000
	Changes during the financial year:			9,242,067			221,256,366				(123,613,059)
	- Acquired		8.01.021	9,242,067			221,256,366				228,119,758
	- New start-up costs incurred		8.01.022								
	- Disposals and withdrawals	(-)	8.01.023	( )	( )	( )	( )	( )	( )	( )	(350,000,000)
	- Transfers from one category to another	(+)(-)	8.01.024								
	- Other changes	(+)(-)	8.01.025								(1,732,817)
	During the financial year		08.01.03	10,179,817	0	6,436,159,584	571,256,366	4,482,941	0	0	226,386,941
b)	CAPITAL GAINS										
	During the previous financial year		08.01.04								
	Changes during the financial year:										
	- Recognised		8.01.051								
	- Acquired from third parties		8.01.052								
	- Cancelled	(-)	8.01.053		( )	( )		( )		( )	
	- Transferred from one category to another	(+)(-)	8.01.054								
	During the financial year		08.01.06	0	0	0	0	0	0	0	0
c)	DEPRECIATION AND IMPAIRMENTS										
	During the previous financial year		08.01.07	282,888							
	Changes during the financial year:			766,621							
	- Recognised		8.01.081	766,621							
	- Reversed as excess	(-)	8.01.082	( )	( )	( )	( )	( )	( )	( )	( )
	- Acquired from third parties		8.01.083								
	- Cancelled	(-)	8.01.084	( )	( )	( )	( )	( )	( )	( )	( )
	- Transferred from one category to another	(+)(-)	8.01.085								
	During the financial year		08.01.09	1,049,509	0	0	0	0	0	0	0
d)	AMOUNTS NOT CALLED (Art. 29, § 1.)										
	During the previous financial year		08.01.10								
	Changes during the financial year:	(+)(-)	08.01.11								
	During the financial year		08.01.12	0	0	0	0	0	0	0	0
e)	CURRENCY CONVERSION SPREADS										
	During the previous financial year	(+)(-)	08.01.13								
	Changes during the financial year:	(+)(-)	08.01.14								
	During the financial year	(+)(-)	08.01.15	0	0	0	0	0	0	0	0
NET CARRYING AMOUNT AT THE END OF THE FINANCIAL YEAR (a) + (b) - (c) - (d) +/- (e)			08.01.16	9,130,307	0	6,436,159,584	571,256,366	4,482,941	0	0	226,386,941

No. 2. Statement of participations and social rights held in other companies

The following are the companies in which the company has a participation within the meaning of the Royal Decree of 17 November 1994 (included in items C.II.1., C.II.3., D.II.1. and D.II.3. under assets) as well as other entities in which the company holds social rights (included in items C.III.1. and D.III.1. under assets) representing at least 10% of the subscribed capital.

NAME, full address of the HEADQUARTERS and for the companies under Belgian law, VAT NUMBER or NATIONAL NUMBER.	Social rights held			Data from the latest available annual accounts			
	directly		by the subsidiaries	Annual accounts closed at	Monetary unit (*)	Equity	Net result
						(+) of (-) (in thousands of monetary units)	
	Figures	%	%				
(*) as per official coding.							
Royal Park Investments NV Markiesstraat 1 B - 1000 Brussel NN 0807.882.811	3,800,000	44.70	0	31-12-2018	EUR	11,304.63	3,569.78
Ageas Insurance International NV Markiesstraat 1 B - 1000 Brussel NN 0718.677.849	3,625,000	100.00	0	31-12-2018	EUR	9,568.70	756.30

No. 3. Present value of investments (art. 38)

Asset items	Codes	Amounts
C. Investments	08.03	11,520,157,109
I. Land and buildings	8.03.221	0
II. Investments in affiliated enterprises and participations	8.03.222	10,202,082,803
- Affiliated enterprises	8.03.222.1	10,197,599,862
1. Participating interests	8.03.222.11	9,568,744,984
2. Notes. bonds and receivables	8.03.222.12	628,854,878
- Other entities with which there is a participation link	8.03.222.2	4,482,941
3. Participating interests	8.03.222.21	4,482,941
4. Notes. bonds and receivables	8.03.222.22	0
III. Other financial investments	8.03.223	726,329,185
1. Equities, shares and other variable income securities	8.03.223.1	0
2. Bonds and other fixed income securities	8.03.223.2	226,322,174
3. Shares in investment pools	8.03.223.3	0
4. Loans and mortgages	8.03.223.4	0
5. Other loans	8.03.223.5	0
6. Deposits with credit institutions	8.03.223.6	500,007,011
7. Other	8.03.223.7	0
IV. Deposits with ceding entities	8.03.224	591,745,121

No. 3bis Information concerning the non-usage of the fair value measurement method

		Net book value	Fair value
A.	Estimation of fair value for each class of derivative financial instruments not measured based on fair value, stating the size, nature and hedged risk of the instruments		

			Net book value	Fair value
B.	For the financial fixed assets listed under headings C.II. and C.III. which are taken into account at an amount higher than their fair value: the net book value and the fair value of the individual assets or of appropriate groups of these individual assets.			
	C.III.2	Bonds and other fixed income securities	114,859,577	113,792,855

For each of the financial fixed assets referred to in B., or the appropriate groups of such individual assets referred to in B., which are taken into account at an amount higher than their fair value, the reasons why the book value has not been reduced must also be stated below, together with the nature of the indications underlying the assumption that the book value will be recoverable:

C.III.2 Bonds and other fixed income securities: see valuation rules in statement No. 20 Valuation rules

No. 4 Statement relating to other accruals and deferrals

	Amounts
Breakdown of asset item G.III if it represents a significant amount.	
Deferred charges	1,609,343

No. 5. Specifications of equity

	Codes	Amounts	Number of shares
A. SHARE CAPITAL			
1. Subscribed capital (liability item A.I.1.)			
- During the previous financial year	8.05.111.101	1,502,364,273	xxxxxxxxxxxxxxxxxxxxxxx
- Changes during the year	8.05.111.103		
- During the financial year	8.05.111.102	1,502,364,273	xxxxxxxxxxxxxxxxxxxxxxx
2. Presentation of capital			
2.1. Share classes under company law	8.05.1.20	1,502,364,273	198,374,327
2.2. Registered or dematerialised shares			
Registered	8.05.1.21	xxxxxxxxxxxxxxxxxxxxxxx	10,925,065
Dematerialised	8.05.1.22	xxxxxxxxxxxxxxxxxxxxxxx	187,449,262

	Codes	Uncalled amount (liability item A.I.2.)	Called amount (asset item E.I.V.)
B. UNPAID CAPITAL (art.51 - C.L.C.C.)			
Shareholders liable for payment	8.05.3		
TOTAL	8.05.2		

No. 5. Specifications of equity (cont.)

	Codes	Amount of share capital held	Corresponding number of shares
C. COMPANY SHARES held by			
- the company itself	8.05.3.1	181,850,446	3,820,753
- its subsidiaries	8.05.3.2		
D. SHARE ISSUANCE OBLIGATIONS			
1. Following the exercise of CONVERSION rights			
- Amount of convertible loans outstanding	8.05.4.1		
- Amount of share capital to be subscribed	8.05.4.2		
- Corresponding maximum number of shares to be issued	8.05.4.3		
2. Following the exercise of SUBSCRIPTION rights			
- Number of subscription rights outstanding	8.05.4.4		
- Amount of share capital to be subscribed	8.05.4.5		
- Corresponding maximum number of shares to be issued	8.05.4.6		
3. Following payment of dividends in shares			
- Amount of share capital to be subscribed	8.05.4.7		
- Corresponding maximum number of shares to be issued	8.05.4.8		

No. 5. Specifications of equity (cont.)

	Codes	Amount	
E. AUTHORISED CAPITAL NOT SUBSCRIBED	8.05.5	148,000,000	

	Codes	Number of shares	Number of votes attached to it
F. NON-REPRESENTATIVE CAPITAL SHARES	8.05.6		
of which:			
- held by the company itself	8.05.6.1		
- held by subsidiaries	8.05.6.2		

No. 5. Specifications of equity (cont. and end)

G. THE SHAREHOLDER STRUCTURE OF THE COMPANY AT THE BALANCE SHEET DATE IS BROKEN DOWN AS FOLLOWS:

- shareholder structure of the company at the balance sheet date, as evidenced by the notifications received by the company pursuant to Article 631, §2, last paragraph, and Article 632, §2, last paragraph, of the Belgian companies code:
- shareholder structure of the company at the balance sheet date, as evidenced by the notifications received by the company pursuant to Article 14, fourth paragraph, of the Act of 2 May 2007 on the disclosure of major shareholdings or pursuant to Article 5 of the Royal Decree of 21 August 2008 on more detailed rules regarding certain multilateral trading facilities:

Main shareholders (above the statutory threshold of 3%) on 31/12/2019

- Ping An 5.17%
- Fosun 5.06%
- BlackRock Inc. 5.00%
- Ageas 3.01%
- Schroders Plc 2.94%

On 31 December 2019 the members of the Board of ageas SA/NV jointly held 91,205 shares of ageas SA/NV.

No. 6. Statement of provisions for other risks and charges - other provisions

	Amounts
Breakdown of liability item E.III if it represents a significant amount.	
Provision RPN(I)	359,000,000
Provision Fortis settlement	514,266,723

No. 7. Statement of technical provisions and liabilities

a) Breakdown of amounts payable (or part of amounts payable) with a residual maturity of more than 5 years.

Liability items concerned	Codes	Amounts
B. Subordinated liabilities	8.07.1.12	1,246,316,701
I. Convertible bonds	8.07.1.121	
II. Non-convertible bonds	8.07.1.122	1,246,316,701
G. Amounts payable	8.07.1.42	
I. Direct insurance payables	8.07.1.421	
II. Reinsurance payables	8.07.1.422	
III. Unsubordinated bonds	8.07.1.423	
1. Convertible bonds	8.07.1.423.1	
2. Non-convertible bonds	8.07.1.423.2	
IV. Debt owed to credit institutions	8.07.1.424	
V. Other amounts payable	8.07.1.425	
TOTAL	8.07.1.5	1,246,316,701

No. 7. Statement of technical provisions and liabilities (cont.)

(b) amounts payable (or part of the amounts payable) and technical provisions (or part of the technical provisions) guaranteed by real or irrevocably promised collateral against the assets of the entity.

Liability items concerned	Codes	Amounts
B. Subordinated liabilities	8.07.2.12	
I. Convertible bonds	8.07.2.121	
II. Non-convertible bonds	8.07.2.122	
C. Technical provisions	8.07.2.14	259,896,237
D. Technical provisions related to investment fund operations of the 'life' activities group when the risk of investment is not borne by the company	8.07.2.15	
G. Amounts payable	8.07.2.42	
I. Direct insurance payables	8.07.2.421	
II. Reinsurance payables	8.07.2.422	
III. Unsubordinated bonds	8.07.2.423	
1. Convertible bonds	8.07.2.423.1	
2. Non-convertible bonds	8.07.2.423.2	
IV. Debt owed to credit institutions	8.07.2.424	
V. Other amounts payable	8.07.2.425	
- tax, salary and social liabilities	8.07.2.425.1	
a) taxes	8.07.2.425.11	
b) remuneration and social charges	8.07.2.425.12	
- finance lease and similar amounts payable	8.07.2.425.26	
- other	8.07.2.425.3	
TOTAL	8.07.2.5	259,896,237

No. 7. Statement of technical provisions and liabilities (cont. and end)

c) tax, salary and social liabilities

Liability items concerned	Codes	Amounts
1. Taxes (liability item G.V.1.a)		
a) tax liabilities - overdue	8.07.3.425.11.1	
b) tax liabilities – not overdue	8.07.3.425.11.2	811,942
2. Remuneration and social security charges (liability item G.V.1.b)		
a) Amounts due to the National Social Security Office	8.07.3.425.12.1	
b) Other salaries and social liabilities	8.07.3.425.12.2	4,578,116

No. 8. Statement of the composition of accruals and deferred income under liabilities

	Amounts
Breakdown of liability item H if it represents a significant amount.	
Accrued charges – Share plans	4,780,230
Accrued charges – Other	2,447,790
Accrued charges – Foundations	287,229
Accrued charges – Interests	9,804,072
	17,319,321

No. 9. Assets and liabilities relating to the management on own account for the benefit of third parties of collective pension funds (art. 40)

Asset items and sub-items concerned (*)	Current period	Liability items and sub-items concerned (*)	Current period
TOTAL		TOTAL	

(*) with figures and letters relating to the wording of the item or sub-item concerned in the balance sheet (example : C.III.2. obligations and other fixed income securities).

No. 10. Information concerning the technical accounts

I. Non-life insurance

Name	Codes	Total	DIRECT BUSINESS				DIRECT BUSINESS						DIRECT BUSINESS		BUSINESS ACCEPTED
			Total	Accident & Health *lines 1 and 2*	Motor, Third Party liability *line 10*	Motor Other lines *lines 3 and 7*	Marine Aviation Transport *lines 4, 5, 6, 7, 11 and 12*	Fire and other damage to property *lines 8 and 9*	General Third Party Liability *line 13*	Credit and Security *lines 1 4 and 15*	Miscellaneous pecuniary losses *line 16*	Legal protection *line 17*	Assistance *line 18*	
		0	1	2	3	4	5	6	7	8	9	10	11	12
1) Gross premiums	8.10.01.710.1	981,054,593												981,054,593
2) Gross earned premiums	8.10.02	983,618,371												983,618,371
3) Gross cost of claims	8.10.03	646,475,488												646,475,488
4) Gross operating expenses	8.10.04	344,528,819												344,528,819
5) Reinsurance balance	8.10.05	(23,590,303)												(23,590,303)
6) Commissions (art. 37)	8.10.06													

No. 10. Information concerning the technical accounts (cont. and end)

II. Life Insurance

Name	Codes	Amounts
A. Direct business		
1) Gross premiums:	8.10.07.720.1	
a) 1. Individual premiums:	08.10.08	
2. Premiums for group contracts:	08.10.09	
b) 1. Periodic premiums:	08.10.10	
2. Single premiums:	08.10.11	
c) 1. Premiums from non profit-sharing contracts:	08.10.12	
2. Premiums from profit-sharing contracts:	08.10.13	
3. Contract premiums when the risk of investment is not borne by the company	08.10.14	
2) Reinsurance balance	08.10.15	
3) Commissions (art. 37)	08.10.16	
B. Business accepted		
Gross premiums:	8.10.17.720.1	

III. Non-life and life insurance, direct business

Name	Codes	Amounts
Gross premiums:		
- in Belgium	08.10.18	
- in other EEC countries:	08.10.19	
- in other countries:	08.10.20	

No. 11. Statement on number of employees

As regards to staff:

A. The following data for the financial year and for the previous financial year relating to the employees recorded in the personnel register and linked to the company by an employment contract or a starter's job contract

Description	Codes	Current period	Previous period
a) the total number on the closing date of the financial year	8.11.10	136.00	109.50
b) the average number of employees employed by the company during the financial year and the previous financial year, calculated in full-time equivalents in accordance with Article 15, § 4 of the Companies Code, and broken down into the following categories	8.11.11	125.90	100.10
- Management staff	8.11.11.1		
- Employees	8.11.11.2	125.90	100.10
- Workers	8.11.11.3		
- Other	8.11.11.4		
c) the numbers of hours worked	8.11.12	187,014.60	151,919.80

B. The following data for the financial year and for the previous financial year relating to temporary workers and the persons placed at the disposal of the company

Description	Codes	Current period	Previous period
a) the total number on the closing date of the financial year	8.11.20	17.90	24.00
b) the average number in full-time equivalents calculated in a similar way as the employees recorded in the personnel register	8.11.21	19.77	21.80
c) the numbers of hours worked	8.11.22	34,071.55	34,848.00

No.12. Statement relating to all administrative and management costs, broken down by type

(An asterisk (*) to the right of the wording of an item or sub-item indicates that there is a definition or explanatory note in Chapter III of the Annex to the Decree)

Names				Codes		Amounts
I.	Staff expenses*			8.12.1		1,548,047
	1.	a)	Remuneration	8.12.111		1,548,047
		b)	Pensions	8.12.112		0
		c)	Other direct social benefits	8.12.113		0
	2.	Employer social insurance contributions		8.12.12		0
	3.	Allowances and employer's premiums for non-statutory insurance		8.12.13		0
	4.	Other staff expenses		8.12.14		0
	5.	Provisions for pensions, salaries and social security contributions		8.12.15		0
		a)	Provisions (+)	8.12.15.1		0
		b)	Uses and reversals (-)	8.12.15.2	(	0)
	[6.	Temporary staff or individuals made available to the company		8.12.16]		0
II.	Miscellaneous goods and services*			8.12.2		544,949
III.	Depreciation and amounts written down on intangible assets and property, plant and equipment other than investments*			8.12.3		0
IV.	Provisions for other risks and charges*			8.12.4		0
	1.	Provisions (+)		8.12.41		0
	2.	Uses and reversals (-)		8.12.42	(	0)
V.	Other current expenses*			8.12.5		714,701
	1.	Operating tax expense*		8.12.51		0
		a)	Property withholding tax	8.12.511		0
		b)	Other	8.12.512		0
	2.	Contributions to public institutions*		8.12.52		0
	3.	Theoretical expenses*		8.12.53		0
	4.	Other		8.12.54		714,701
VI.	Administrative expenses recovered and other current income (-)			8.12.6	(	0)
	1.	Administrative expenses recovered		8.12.61		0
		a)	Fees received for collective pension fund management services on behalf of third parties	8.12.611		0
		b)	Other*	8.12.612		0
	2.	Other current income		8.12.62		0
TOTAL				8.12.7		2,807,698

As amended by Article 10, § 2 of the Royal Decree of 4 August 1996.

No. 13. Other income, other expenses

		Amounts
A.	Breakdown of OTHER INCOME (item 7. of the non-technical account), if material.	5,614,299
	Re-invoicing staff expenses	5,171,994
	Other	442,305
B.	Breakdown of OTHER EXPENSES (item 8. of the non-technical account), if material.	98,277,224
	Services & goods	55,199,883
	Staff expenses	20,284,137
	Depreciations	395,149
	Costs related to foundations	21,987,743
	Other	410,313

No. 14. Extraordinary results

		Amounts
A.	Breakdown of EXTRAORDINARY INCOME (item 11. of the non-technical account), if material.	
B.	Breakdown of EXTRAORDINARY EXPENSES (item 12. of the non-technical account), if material.	

No. 15. Taxes on income

	Codes	Amounts
A. ITEM 15 a) 'Taxes':	8.15.1.634	109,690
1. Tax on income for the financial year	8.15.1.634.1	
a. Advance payments and refundable prepayments	8.15.1.634.11	
b. Other attributable assets	8.15.1.634.12	
c. Excess of advance payments and/or refundable prepayments recorded as assets (-)	8.15.1.634.13	( )
d. Estimated additional taxes (included in liability item G.V.1.a)	8.15.1.634.14	
2. Tax on income for previous financial years	8.15.1.634.2	109,690
a) Additional taxes due or paid:	8.15.1.634.21	109,690
b) Estimated additional taxes (included in liability item G.V.1.a) or provisioned (included in liability item E.II.2.)	8.15.1.634.22	

	Codes	Amounts
B. PRINCIPAL SOURCES OF DISPARITIES BETWEEN PRE-TAX PROFIT, expressed in the accounts AND THE ESTIMATED TAXABLE PROFIT, with particular reference to those arising from time differences between accounting profit and taxable profit (to the extent that the result of the financial year is significantly affected in terms of taxes)		
Result before taxes		209,519,142
Definitively taxed income (DTI)		(209,519,142)

C. IMPACT OF EXTRAORDINARY ITEMS ON THE AMOUNT OF TAX ON THE PROFIT/(LOSS) FOR THE FINANCIAL YEAR

No. 15. Tax on income (cont. and end).

	Codes	Amounts
D. SOURCES OF DEFERRED TAX (to the extent that these indications are important for the assessment of the company's financial situation)		
1. Deferred assets	8.15.4.1	12,915,605,774
- Accumulated tax losses deductible from subsequent taxable profits	8.15.4.11	10,551,989,298
- DTI deduction		2,363,616,476
2. Deferred liabilities	8.15.4.2	

No. 16. Other taxes payable by third parties

	Codes	Amounts for the current period	Amounts for the previous period
A. Taxes:			
1. Taxes on insurance contracts borne by third parties	8.16.11		
2. Other taxes payable by the company	8.16.12		
B. Amounts withheld from third parties in respect of:			
1. Withholding tax on earned income	8.16.21	8,265,219	5,417,644
2. Withholding tax (on dividends)	8.16.22	108,285,916	94,164,066

No. 17. Off-balance sheet rights and commitments (Art. 14)

(An asterisk (*) to the right of the wording of an item or sub-item indicates that there is a definition or explanatory note in Chapter III of the Annex to the Decree of 17/11/1994)

			Codes	Amounts
A.	Guarantees issued or irrevocably promised by third parties on behalf of the company*:		8.17.00	
B.	Guarantees personally issued or irrevocably promised by the company on behalf of third parties*:		8.17.01	
C.	Guarantees actually issued or irrevocably promised by the company on its own assets as a security for debts or commitments			
	a)	of the company:	8.17.020	259,896,237
	b)	of third-parties:	8.17.021	
D.	Guarantees received* (non-cash):			
	a)	reinsurers' securities (see Chapter III, Definitions and explanatory notes: asset item C.III.1 and 2 and liability item F.):	8.17.030	
	b)	other:	8.17.031	
E.	Forward markets*:			
	a)	securities transactions (purchases):	8.17.040	
	b)	securities transactions (sales):	8.17.041	
	c)	currency transactions (receivable):	8.17.042	
	d)	currency transactions (to be delivered):	8.17.043	
	e)	Interest rate transactions (purchases, etc.) :	8.17.044	
	f)	interest rate transactions (sales, etc.) :	8.17.045	
	g)	other operations (purchases, etc.) :	8.17.046	
	h)	other operations (sales, etc.) :	8.17.047	
F.	Property and securities of third parties held by the company*:		8.17.05	
G.	The nature and business purpose of off-balance sheet transactions, and the financial impact of such transactions, provided that the risks or rewards arising from such transactions are material and to the extent that the disclosure of such risks or rewards is necessary for the assessment of the company's financial situation.		8.17.06	
Gbis.	The nature and financial impact of material events occurring after the balance sheet date that are not reflected in the income statement or balance sheet: Please refer to note 44 – Events after the date of the statement of financial position in the Ageas's Consolidated Financial Statements.		8.17.06B	
H.	Other (please specify):		8.17.07	

No. 18. Relations with affiliates and entities with which there is a participating interest

Balance sheet items concerned	Codes	Affiliated entreprises: Current period	Affiliated entreprises: Previous period	Entities with a participation link: Current period	Entities with a participation link: Previous period
C. II. Investments in affiliated entreprises and participations	8.18.222	7,007,415,950	6,786,159,584	4,482,941	4,482,941
1 + 3 Participations	8.18.222.01	6,436,159,584	6,436,159,584	4,482,941	4,482,941
2 + 4 Notes, bonds and receivables	8.18.222.02	571,256,366	350,000,000		
- subordinated	8.18.222.021				
- other	8.18.222.022	571,256,366	350,000,000		
D. II. Investments in affiliated entreprises and participations	8.18.232				
1 + 3 Participations	8.18.232.01				
2 + 4 Notes, bonds and receivables	8.18.232.02				
- subordinated	8.18.232.021				
- other	8.18.232.022				
E. Receivables	8.18.41	212,044,511	3,337,260		
I. Direct insurance receivables	8.18.411				
II. Reinsurance receivables	8.18.412	12,256,666	3,337,260		
III. Other receivables	8.18.413	199,787,845			
B. Subordinated liabilities	8.18.12				
G. Amounts payable	8.18.42	9,012,004			
I. Direct insurance payables	8.18.421				
II. Reinsurance payables	8.18.422	9,012,004			
III. Unsubordinated bonds	8.18.423				
IV. Debt owed to credit institutions	8.18.424				
V. Other amounts payable	8.18.425				

No. 18. Relations with affiliates and entities with which there is a participating interest (continuation and end)

	Codes	Associates: Current period	Associates: Previous period
- PERSONAL AND ACTUAL GUARANTEES, constituted or irrevocably promised by the company as security for debts or commitments of associates	8.18.50		
- PERSONAL AND ACTUAL GUARANTEES, constituted or irrevocably promised by associates as security for debts or commitments of the company	8.18.51		
- Other significant financial commitments	8.18.52		
- Income from land and buildings	8.18.53		
- Income from other investments	8.18.54	9,475,731	

No. 19. Financial relations with:

A. the directors or managers;
B. natural or legal persons who directly or indirectly control the entity without being linked to it;
C. other entities controlled directly or indirectly by the persons listed under B.

	Codes	Amounts
1. Receivables from the aforementioned persons	8.19.1	
2. Guarantees given in their favour	8.19.2	
3. Other significant commitments undertaken in their favour	8.19.3	
4. Direct and indirect remuneration and pensions allocated, charged to the income statement,		
- to the directors and managers	8.19.41	6,544,166
- to the former directors and former managers	8.19.42	

The interest rate, the main conditions and any amounts redeemed or written off
that have been waived relating to points 1., 2. and 3. above.

No. 19bis. Financial relations with:

The statutory auditor(s) and their associates

	Codes	Amounts
1. Fees of the statutory auditor(s)	8.19.5	688,250
2. Fees for exceptional services or special missions performed within the company by the statutory auditor(s)	8.19.6	234,409
- Other attestation missions	8.19.61	97,500
- Tax consultancy	8.19.62	136,909
- Other missions external to the audit	8.19.63	
3. Fees for exceptional services or special missions performed within the company by persons with whom the statutory auditor(s) is (are) linked	8.19.7	
- Other audit missions	8.19.71	
- Tax consultancy missions	8.19.72	
- Other missions outside the audit mission	8.19.73	

Indication in application of Article 133 §6 of the Companies Code

No. 20. Valuation rules

(This statement is covered in particular by articles: 12 bis, § 5; 15; 19, paragraph 3; 22bis, paragraph 3; 24, paragraph 2; 27, 1°, last paragraph and 2°, last paragraph; 27 bis, § 4, last paragraph 3; 28, § 2, paragraph 1 and 4; 34, paragraph 2; 34 quinquies, paragraph 1; 34 sexies, 6°, last paragraph; 34 septies, § 2 and Chapter III. 'Definitions and explanatory notes', Section II, item 'notional rent').

A. Rules governing valuations in the inventory (excluding investments in asset item D.)
   1. Formation and depreciation adjustments
   2. Write-downs
   3. Provisions for risks and charges
   4. Technical provisions
   5. Revaluations
   6. Other

B. Rules governing valuations in the inventory with respect to investments in asset item D.
   1. Investments other than land and buildings
   2. Land and buildings
   3. Other

These accounting principles are defined in accordance with the Royal Decree of 17 November 1994 on the annual accounts of insurance and reinsurance companies.

Formation expenses

Expenses relating to a capital increase are amortized over a maximum period of 5 years. Borrowing costs are amortized over the shorter of the first call date or the lifetime of the loan.

Intangible assets

Purchased computer software is accounted for at acquisition value, less accumulated amortization. These assets are amortized over a period of 5 years.

Investments in affiliated enterprises and participations

Investments in affiliated enterprises and participations are accounted for at acquisition value, including transaction expenses, less any accumulated impairment losses.

An impairment loss on participating interests, shares or interests equivalent to shares, included in this section of the balance sheet, is recognized in case of durable reduction in value justified by the financial position, profitability or future prospects of the company in which the participating interests or shares are held. Impairment losses are reversed to the extent that at the reporting date they are higher compared to what is required by a current assessment.

Impairments on receivables and fixed-income securities are applied when uncertainty exists at the reporting date with regard the payment (partial or in full) of the receivables.

Other financial investments

Equities, shares and other variable income securities are accounted for at acquisition value, less accumulated impairment losses. Directly attributable transaction costs are recorded in the income statement of the financial year in which the acquisition was performed. At reporting date, the shares are subject to an assessment in order to determine whether the unrealized losses are durable based on their prolonged decline and the evolution of the stock markets. For listed shares and other equivalent interests, an impairment is automatically accounted for if the stock price on the reporting date has declined by 25% or more in comparison to its acquisition value, or if the stock price remains below its acquisition value for 365 consecutive days. This accounting policy is applicable except when other indicators are deemed to be more appropriate. In case the assessment leads to a value lower than its book value, an impairment loss, equal to the difference between the carrying amount and the fair value, is recorded. If the assessment leads to a value higher than its carrying amount, a reversal of the impairment loss, equal to the difference between the carrying amount and the fair value, is recorded up to the maximum amount of the impairment losses recorded in prior periods. For non-listed shares and participating interests, a valuation is made similar to the one on participating interests in affiliated companies and participations as explained above, based on the intrinsic value.

Bonds, receivables, loans and other fixed-income securities are accounted for at acquisition value, excluding directly attributable acquisition costs less accumulated impairment losses. If, the effective interest rate calculated at acquisition date, taking into account the amount payable at maturity, differs from the nominal rate, the difference between the acquisition value and the amount payable at maturity is accounted for in the income statement on a pro rata temporis basis over the remaining term of the financial assets as a component of the interest income from these assets and, depending on the situation, added to or deducted from the acquisition value of the financial assets. Directly attributable costs are recognized in the income statement of the financial year in which they are incurred.

An impairment loss is recognized to the extent that there is a risk that the issuer would not or not fully meet its obligations. The assessment of this risk is based on the notion of a credit event as detailed in IAS 39.58-62 (EU version). Where appropriate, the impairment loss is also determined in accordance with the principles of IAS 39.

Realised gains and losses from the sale of fixed-income securities pertaining to arbitrage transactions may be spread in income together with the future revenues of the securities acquired or sold in the context of the arbitrage.

Deposits with ceding entities

Deposits with ceding entities include receivables on the ceding companies which correspond to the guarantees given to or withheld from these companies or from a third party.

Impairment losses are recognized in accordance with the above described valuation rules for "other financial investments - bonds, receivables, loans and other fixed-income securities".

Receivables

Receivables are accounted for at nominal value or acquisition value, as appropriate. Impairment losses are recorded to the extent that a risk exists that the debtor would not or not fully meet its obligations. The assessment of this risk is based on the notion of a credit event as detailed in IAS 39.58-62 (EU version). Where appropriate, the impairment amount is also determined in accordance with the principles of IAS 39.

Tangible fixed assets

Electronic equipment, furniture and furnishing are measured at acquisition value, less accumulated depreciation and any accumulated impairment losses. Furniture and electronic equipment is depreciated over a period of 3 years. Furnishing is depreciated over a period of 9 years.

Cash and cash equivalents

Impairment losses are recognised on cash and cash equivalents when the recoverable amount at reporting date is lower than the nominal value.

Treasury shares

With respect to treasury shares presented on the asset side of the balance sheet a reserve not available for distribution is set up, equal to the value for which the purchased shares are registered. At reporting date an impairment loss is recorded when the fair value is below acquisition value.

Foreign currency transactions and foreign currency translation of monetary assets and liabilities

Transactions in foreign currency are translated into EUR using the exchange rate at the transaction date. Monetary assets and liabilities in foreign currencies are translated into EUR using the exchange rates at reporting date. The gains or losses arising from this translation, and realized exchange rate differences, are recognized in the income statement. Translation differences related to technical provisions denominated in foreign currency, are included in the item "Other technical charges, gross of reinsurance" in the technical account "non-life insurance".

Subordinated liabilities

Subordinated liabilities are initially recognized at fair value. If the effective interest rate calculated at the issuance date differs from the nominal interest rate, taking into account the amount payable at maturity, the difference between the initial fair value and the amount payable at maturity is included in the income statement on a pro rata temporis basis over the remaining term of the liability as a component of the interest cost, and depending on the situation, added to or deducted from the initial fair value.

Technical provisions

The provision for unearned premiums represents that portion of the assumed reinsurance premiums received that relates to the next financial year or subsequent financial years to cover claims and administration costs. The provision for unearned premiums is, in principle, calculated according to the pro rata temporis method.

A provision for premium deficiency is established to supplement the provision for unearned premiums when it appears that the estimated claims and administrative costs relating to current and renewed contracts will be higher than the total of the unearned premium provision related to these agreements.

The claims provision is based on the estimated ultimate cost of settling all claims, whether reported or not, that are incurred up to the end of the financial year, less the amounts that have already been paid in respect of such claims. The provision is determined separately for each assumed reinsurance contract based on the information communicated by the ceding companies per product category, coverage and year and all other available elements. If necessary, the provision is supplemented on the basis of available statistical information.

The equalization and catastrophe provision is a regulatory provision recognized with the aim of either compensating for the non-recurring technical loss in the coming years or leveling the fluctuations in the claims ratio. The target amount of the provision is determined according to the lump sum method (National Bank of Belgium - communication D151).

Provisions for other risks and charges

Provisions for other risks and charges are intended to cover, by their nature, clearly defined losses or costs that are probable or certain at the reporting date, however for which the amount is not fixed. The provisions for other risks and charges must meet the principles of prudence, sincerity and good faith.

The provision for other risks and charges are set up on an individual basis according to the risks and charges they intend to cover.

Provisions for pensions and similar obligations

For its employees the Company set up pension plans of the type “defined benefits” and "defined contribution", with a minimum return guaranteed by law. The first are subject to additional provisions within the technical provisions recognized on the balance sheet. The additional provisions reflect the obligations specific to the employer and are accounted for according to accounting principles similar to IAS 19. The Company accounts for the defined contribution pension plans in accordance with the intrinsic value method. According to this method, the pension obligation is based on the sum of the positive differences between the minimum legal reserve, on the calculation date (calculated by capitalizing past contributions at the minimum guaranteed return rate, as defined in Article 24 of the law on occupational pensions (WAP/LPC), up to the calculation date) and the actual accrued reserves (the reserves are calculated by capitalising the past contributions at the technical interest rate, taking into account profit sharing up to the calculation date).

No. 21. Amendments to the valuation rules (art. 16)(art. 17)

A. Statement of changes and the reasoning behind those changes

B. Difference in estimate resulting from the changes
(to be indicated for the first time for the financial year during which these changes were made)

Items and sub-items concerned (*)	Amounts	Items and sub-items concerned (*)	Amounts

(*) with figures and letters relating to the wording of the item or sub-item concerned in the balance sheet (example : CIII.2. Bonds and other fixed income securities)

No. 22. Declaration relating to the consolidated financial statements

A. Information to be completed by all companies.

- The company prepares and publishes consolidated accounts and a consolidated management report in accordance with the provisions of the Royal Decree on the consolidated accounts of insurance and reinsurance companies:

  yes/~~no~~ (*):

- ~~The company does not prepare consolidated accounts or a consolidated management report for the following reason(s) (*):~~
  - * ~~the company does not control, alone or jointly, one or more subsidiaries under Belgian or foreign law~~

  ~~yes~~/no (*):

  - * ~~the company is itself a subsidiary of a parent company that prepares and publishes consolidated accounts:~~

  ~~yes~~/no (*):

- ~~Substantiation of compliance with the conditions laid down in Article 8(2) and (3) of the Royal Decree of 6 March 1990 on the consolidated accounts of companies:~~

- ~~Name, full address of the headquarters and for a company under Belgian law, VAT number or the national number of the parent company that prepares and publishes consolidated accounts under which the exemption is authorised:~~

(*) Delete where appropriate.

No. 22. Declaration relating to the consolidated financial statements (cont. and end).

B. Information to be completed by the company if it is a joint subsidiary.

- Name, full address of the headquarters and for a company under Belgian law, VAT number or the national number of the parent company(ies) and an indication of whether the parent company(ies) prepare(s) and publish(es) consolidated accounts in which its annual accounts are consolidated(**):

- If the parent company(ies) is (are) incorporated abroad, the location where the consolidated accounts referred to above can be obtained (**):

(**) If the accounts of the company are consolidated at more than one level, the information shall be given first for the largest group and then for the smallest group of companies of which the company is a subsidiary and for which consolidated accounts are drawn up and published.

No. 23. Additional information to be provided by the company on the basis of the present decree of 17 November 1994.

The company shall mention any additional information that may be required:

- by articles:
  2 bis; 4, paragraph 2; 10, paragraph 2; 11, paragraph 3; 19, paragraph 4; 22; 27 bis, § 3, last paragraph; 33, paragraph 2; 34 sexies, § 1, 4°; 39.

- Chapter III, Section I of the Annex:
  for asset items C.II.1., C.II.3, C.III.7.c) and F.IV.
  and
  for liability item C.I.b) in C.IV.

Indication in application of Article 27bis, §3, last paragraph:

The impact on the income statement for 2019, pro rata temporis over the remaining life of the securities, of the difference between the acquisition cost and the redemption value represents a cost of EUR 1,732,817.

RPN(I) Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is based on the price of the CASHES and the price of the Ageas share. The reference amount remained stable and changed from EUR 358.9 million at the end of 2018 to EUR 359.0 million on 31 December 2019, mainly as a result of a rise in the CASHES price from 75.95% to 81.55% in 2019, and a rise in the Ageas share price from EUR 39.30 to EUR 52.68 over the same period.

Contingent liabilities related to legal proceedings

Please refer to the note 43 ‘Contingent liabilities’ in the Ageas’s Consolidated Financial Statements.

No. 24 Transactions carried out by the entity with related parties at non-market conditions.

The company shall disclose transactions with related parties, including the amount of such transactions, the nature of the relationship with the related party and any other information on the transactions that would be necessary for the assessment of the company’s financial position, where such transactions are material and have not been concluded under normal market conditions.

The above information may be aggregated by their nature except where separate information is necessary to understand the effects of related party transactions on the financial position of the company.

This information is not required for transactions that take place between two or more members of a group, provided that the subsidiaries that are parties to the transaction are wholly owned by such member.

The term "related parties" has the same meaning as in the International Accounting Standards adopted in accordance with Regulation (EC) 1606/2002.

NIHIL. For the purposes of this appendix, the concept of 'market conditions' has been equated with the concept of 'on an arm's length basis' used by the international reporting standards IFRS.

Conflict of interest

Due to a conflict of interest, extract of the minutes of the meeting of the Board of Directors of 19 February 2019 is included in the Report of the Board of Directors attached to the statutory financial statements of ageas SA/NV.

EXTRACT OF THE MINUTES OF 19 FEBRUARY 2019

5. Report of the Joint Remco/CGC meetings of 29/1 and 19/2/2019

All Executive Committee members but the CEO, left the meeting. The CEO left the meeting for discussions related to his appraisal.

5.1. Appraisal individual objectives MCO-EXCO 2018

The proposed appraisal of individual objectives 2018 of the EXCO and MCO members were reviewed and discussed. Based on the positive recommendation of the joint Remco and CGC and after due consideration, the Board members approved the proposed appraisal of the individual objectives 2018 of the EXCO and MCO members.

5.2. Appraisal Business KPI's 2018

The proposed appraisal of business KPI's 2018 were reviewed and discussed. Based on the positive recommendation of the joint Remco and CGC and after due consideration, the Board members approved the proposed appraisal of the business KPI's 2018.

5.3. Individual targets MCO-EXCO 2019

The proposed individual targets 2019 of the EXCO and MCO were reviewed and discussed. Based on the positive recommendation of the joint Remco and CGC and after due consideration, the Board members approved the proposed appraisal of the individual targets 2019 of the EXCO and MCO members.

5.4. Business KPI's – Targets 2019

The proposed business KPI's 2019 were reviewed and discussed. Based on the positive recommendation of the joint Remco and CGC and after due consideration, the Board members approved the proposed appraisal of the business KPI's 2019 of the EXCO and MCO members.

5.5. Managers' share plan 2019

The proposed managers' share plan was reviewed and discussed. Based on the positive recommendation of the Remco and after due consideration, the Board members approved the proposed Managers' share plan 2019 to launch a share linked incentive plan for managers.

Statutory Auditor's Report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF AGEAS SA/NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of ageas SA/NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the General shareholders' meeting *d.d.* 16 May 2018, following the proposal formulated by the Board of directors and following the recommendation by the Audit committee. Our mandate will expire on the date of the General shareholders' meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the annual accounts of the Company for two consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 9,294,117,687 and a profit and loss account showing a profit for the year of EUR 209,402,452.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2019, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the *"Statutory auditor's responsibilities for the audit of the annual accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the Board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 23 to the annual accounts, which describes that, while the amended and restated settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 (the “Settlement”) is now final, the Company is still involved in a series of legal proceedings as a result of aforementioned events. Note 23 to the annual accounts specifies that since the Settlement is now final, the risks related to said legal proceedings decreased. Although the Board of directors does not expect these remaining risks to have a significant impact on the Company’s financial position, such consequences cannot be precisely estimated at this stage. We concur with the Board of directors’ position. As a result, our opinion is not qualified in respect of this matter.

Emphasis of matter - subsequent event

As far as the outbreak of COVID 19 is concerned, we draw your attention to point 2.3 of the directors' report and Note 17 (point Gbis “The nature and financial impact of material events occurring after the balance sheet date that are not reflected in the income statement or balance sheet”) of the annual accounts in which the Board of directors expresses its view that, although the consequences thereof may have an impact on the Company's operations in 2020, such consequences do not have a material impact on the Company's financial position for the year ended 31 December 2019. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of the amount of the technical provisions

Description of the key audit matter

As per 31 December 2019, the technical provisions amount to EUR 943,599,529. For detailed information regarding the valuation of the technical insurance provisions, please refer to Note 20 to the annual accounts (point “technical provisions”). The provisions are determined based on the information communicated by ceding companies, which are mainly subsidiaries of the Company.

The adequacy test of technical provisions is based on actuarial techniques. It is relatively complex in that it is based on a number of assumptions that require significant judgment regarding future events. The latter may be influenced by future economic or business conditions as well as by laws and regulations specific to the insurance sector. The assumptions used within the adequacy test depend, with respect to similar to non-life insurance activities, mainly on the amounts paid for claims, the number of claims incurred but not yet reported and claims expenses. For similar to life insurance activities, the assumptions used depend mainly on mortality and longevity risks, effects related to the decrease in financial income (and in particular the decrease in interest rates) and overhead costs.

The aforementioned different elements, combined with the possible uncertainty related to modelling techniques and the discretionary nature of the assumptions used in the adequacy test, are the main reasons why we considered this topic as a key audit matter.

Our audit procedures related to the key audit matter

We carried out verifications regarding the operational effectiveness of the controls implemented by the subsidiaries of the Company in order to ensure the quality of the data used within the adequacy test of technical provisions.

We have independently recalculated the best estimate of claims reserves based on recognised actuarial techniques. We then compared our results with those of the Company and obtained satisfying documentation regarding the significant differences observed.

Finally, we shared and corroborated our conclusions with the members of the Audit committee, the Executive committee and the Company’s actuarial function.

Based on the aforementioned audit procedures, we believe that the assumptions used in the adequacy test of technical provisions are reasonable in relation to the current market conditions and the technical results of the past financial year.

Responsibilities of the Board of directors for the preparation of the annual accounts

The Board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the Board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the Board of directors' current or future business management.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of directors;

- conclude on the appropriateness of the Board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The Board of directors is responsible for the preparation and the content of the director's report, of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code (as from 1 January 2020), the Companies' Code (until 31 December 2019) and with the Company's articles of association.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and certain requirements of the Companies' and Associations' Code (as from 1 January 2020) and of the Companies' Code (until 31 December 2019), and to report on these matters.

Aspects related to the directors' report

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:6, §4 of the Companies' and Associations' Code is included in the directors' report. The Company has prepared the non-financial information, based on the United Nations "Sustainable Development Goals". However, in accordance with article 3:75, §1, 6° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with said framework as disclosed in the annual accounts.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required by virtue of this Code and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code as from 1 January 2020 and the Companies' Code until 31 December 2019 that we have to report to you.
- This report is consistent with the additional report to the Audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.
- During its meeting on 19 February 2019, the Board of directors reviewed, discussed and approved the appraisals of individual objectives 2018, appraisals of business key performance indicators of 2018, the individual targets for 2019, the business key performance indicators for 2019 and the managers' share plan 2019 of its executive members. In accordance with Article 523 of the Companies' Code, the concerned members abstained from taking part in the deliberation and the vote of the Board of directors, as they had an opposing interest of financial nature in the decision that the Board of directors was likely to take, the appraisal of 2018 objectives and setting of their 2019 objectives.

Sint-Stevens-Woluwe, 24 March 2020

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Yves Vandenplas
Réviseur d'Entreprises / Bedrijfsrevisor

Other information

Forward-looking statements to be treated with caution

Some of the statements contained in this Annual Report, including but not limited to the statements made in the sections entitled Message to the Shareholders, Description of Activities and Report of the Board of Directors and in note 5 Risk management, refer to future expectations and other forward-looking perceptions that are based on management's current views, estimates and assumptions concerning future events. These forward-looking statements are subject to certain risks and uncertainties, which means actual results, performance or events may differ substantially from what those statements express or imply, including but not limited to our expectations regarding the level of provisions relating to our credit and investment portfolios.

Other more general factors that may impact our results include but are not limited to:

- general economic conditions;
- changes in interest rates and the performance of financial markets;
- frequency and severity of insured loss events;
- mortality, morbidity and persistency levels and trends;
- foreign exchange rates, including euro / US dollar exchange rate;
- changes in competitive and pricing environments, including increasing competition in Belgium;
- changes in domestic and foreign legislation, regulations and taxes;
- regional or general changes in asset valuations;
- occurrence of significant natural or other disasters;
- inability to economically reinsure certain risks;
- adequacy of loss reserves;
- regulatory changes relating to the insurance, investment and/or securities industries;
- changes in the policies of central banks and/or foreign governments;
- general competitive factors on a global, regional and/or national scale.

Availability of company documents for public inspection

The Articles of Association of ageas SA/NV can be inspected at the Registry of the Commercial Court in Brussels (ageas SA/NV) and at the company's registered office.

The Annual Report is filed with the National Bank of Belgium (ageas SA/NV). Resolutions on the (re)election and removal of Ageas Board members are published in annexes to the Belgian Law Gazette (ageas SA/NV) and elsewhere.

Financial reports on the companies and notices convening AGMs and EGMs are published in the financial press, and other newspapers and periodicals. The Annual Report, as well as a list of all participations of Ageas, is available from Ageas's registered office in Brussels and is also filed with the National Bank of Belgium. The Annual Report, is sent each year to registered shareholders and to others on request.

Provision of information to shareholders and investors

Listed shares

Ageas shares are currently listed on Euronext Brussels. Ageas also has a sponsored ADR programme in the United States.

Types of shares

Shares in Ageas may be registered or dematerialised shares.

Registration of shares in dematerialised form

The company offers shareholders the opportunity to register their securities free of charge in dematerialised form. Ageas has developed a rapid conversion process for securities in the form of dematerialised shares, enabling delivery at short notice.

ageas SA/NV, Corporate Administration
Rue du Marquis 1, 1000 Brussels, Belgium
E-mail: corporate.adm@ageas.com

Information and communications

The company sends communications to holders of registered dematerialised shares free of charge, including the annual report. The company personally invites each holder of dematerialised shares registered with the company to attend General Meetings and provides them with the agenda, the proposed resolutions as well as proxies for their representation and participation in the voting. On the date that payment of the dividend becomes due, the company automatically pays the amount of the dividend due into the bank accounts indicated by the holders of dematerialised shares registered with the company.

Glossary and Abbreviations

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/accretion of any premium/discount, and minus any write-down for impairment.

Asset backed security
A bond or a note backed by debt instruments (not being mortgages) or accounts receivable.

Associate
A company on which Ageas has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash flow hedge
A hedge to mitigate exposure to fluctuations in the cash flow of a recognised asset or liability, or forecasted transaction, as a consequence of movements in variable rates or prices.

Clean fair value
The fair value excluding the unrealised portion of interest accruals.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Contract boundaries
Under Solvency II, in principle all obligations relating to an insurance contract, including obligations relating to unilateral rights of the insurance undertaking to renew or extend the scope of the contract and obligations that relate to paid premium, belong to the boundary of the contract. The obligations that relate to insurance cover provided by the insurance undertaking after the future date where the insurance undertaking has a unilateral right (a) to terminate the contract, (b) to reject premiums payable under the contract or (c) to amend the premiums or the benefits payable under the contract in such a way that the premiums fully reflect the risks, do not belong to the boundary of the contract, unless the insurance undertaking can compel the policyholder to pay the premium for those obligations.

Credit loss
The difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expect to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Credit spread
The yield differential between government bonds and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Deferred acquisition cost
The cost of acquiring new and renewed insurance business, principally commissions, underwriting, agency and policy issue expenses, all of which vary with and are primarily related to the production of new business.

Derivative
A financial instrument such as a swap, forward contract, futures contract or option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Disability insurance
Insurance against the financial consequences of long-term disability.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Discretionary participation feature
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

- That are likely to be a significant proportion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer and
- That are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or (iii) the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A derivative instrument that is embedded in another contract – the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, in addition to their pay or salary.

Expected credit losses (ECL)
The weighted average of credit losses with the respective risk of a default occurring as the weights.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the amount by which the fair value of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business, exceeds Ageas's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Gross written premiums
Total premiums (whether or not earned) for insurance contracts written or accepted during a specific period, without deduction for premiums ceded.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards have been used as the accounting standards for all listed companies within the European Union since 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Insurance contract
A contract under which one party (Ageas, its subsidiaries or associates) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Investment contract
A life insurance policy contract that transfers financial risk without transferring significant insurance risk.

Intangible asset
An identifiable non-monetary asset, which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property
Property held by Ageas to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Great Britain (United Kingdom), Pounds
HKD	Hong Kong, dollar
HUF	Hungary, Forint
INR	India, Rupee
MAD	Morocco, Dirham
MYR	Malaysia, Ringgits
PHP	Philippines Peso
PLN	Poland, Zloty
RON	Romania, Leu
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

Liquidity ratio
A metric that allows assessing if the Ageas's cash inflows ensure the liquidity position to operate efficiently, maintain the Ageas's reputation in the market and allow to cover cash outflows in standard market conditions.

Market capitalisation
Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

NCI
Non-controlling interest.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share of the net assets of a foreign entity by entering into transactions that give an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease
A contract that allows the use of an asset in return for periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are borne by the lessor.

Operating margin
Operating income divided by net premium. Operating income is the profit or loss stemming from all operations, including underwriting and investments.

Option
A privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors wishing to sell their stake in a private company have to find a buyer themselves owing to the lack of a marketplace.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the date of the statement of financial position.

Reverse repurchase agreement
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Shadow accounting
According to IFRS 4 an insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset affects the measurement of the insurance liabilities. The related deferred adjustment to the insurance liability (or deferred acquisition costs or intangible assets) is recognised in equity only if the unrealised gains or losses are recognised directly in equity.

Securities lending transaction
A loan of a security from one counterparty to another who must eventually return the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

SPPI (Solely Payments of Principal and Interest)
A financial asset meets the SPPI test if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Stress liquidity ratio
A set of metrics that allows assessing if the Ageas's cash inflows ensure sufficiently the liquidity position to operate efficiently, maintain the Ageas's reputation in the market and avoid losses from obligations in its liabilities under stressed liquidity conditions.

Structured credit instruments
Securities created by repackaging cash flows from financial contracts and encompassing asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO).

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, of which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities ('control').

Trade date
The date when Ageas becomes a party to the contractual provisions of a financial asset.

Value of business acquired (VOBA)
The present value of future profits from acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the period in which the premiums or gross profits of the policies are recognised.

VaR
Abbreviation of value at risk. A technique that uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

Abbreviations

AFS	Available-for-sale
ALM	Asset and liability management
CASHES	Convertible and subordinated hybrid equity-linked securities
CDS	Credit default swap
CEU	Continental Europe
CGU	Cash generating unit
DPF	Discretionary participation features
ECL	Expected credit losses
EPS	Earnings per share
Euribor	Euro interbank offered rate
EV	Embedded value
FRESH	Floating rate equity linked subordinated hybrid bond
GDPR	General Data Protection Regulation
HTM	Held-to-maturity
HFT	Held for trading
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LAT	Liability Adequacy Test
MCS	Mandatory convertible securities
OTC	Over the counter
SPPI	Solely Payments of Principal and Interest
SPV	Special purpose vehicle
UK	United Kingdom

The printed Annual Report has been produced on CO_2 neutral paper.

Supporter of your life

Ageas and ageas SA/NV
Rue du Marquis 1
1000 Brussels, Belgium
Tel: +32 (0) 2 557 57 11
Fax: +32 (0) 2 557 57 50
Internet: www.ageas.com
E-mail: info@ageas.com