Annual Report 2020

Staying connected

Supporter of your life

ageas

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Introduction

The Ageas Annual Report 2020 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 Code of Companies and Associations) and the Ageas Consolidated Financial Statements 2020, with comparative figures of 2019, 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.

The non-financial disclosure reports in accordance to the EU directive on non-financial information, national ESG related legislation and regulatory recommendations such as the Euronext guidance on ESG reporting issued in January 2020. For the first time, the information and data in the Annual Report is prepared in accordance with the GRI Standards: Core[*].

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

* *The GRI Standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts. Sustainability reporting based on the Standards provides information about an organization's positive or negative contributions to sustainable development. Option core entails that at least one indicator for each material topic is included in the annual report. Detailed information can be found in the GRI content index in section H.*

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

Report of the Board of Directors

Reimagining the future

CEO & Chairman's review

Hans De Cuyper and Bart De Smet look back on the highlights of 2020 and share their perspectives for 2021 on behalf of the Board of Directors.

2020 was a year that will be forever marked in the history books by an event no-one predicted, but one that challenged every one of us to re-set our personal and professional lives. With respect to Ageas it was also marked by the change of leadership with Bart De Smet, CEO since 2009 handing over to Hans De Cuyper.

Perhaps we should start by asking what lessons we can draw from the year of the pandemic?

BART: We learned many things. That nothing in life is certain. But also, and more importantly, that nothing is impossible. The global pandemic showed us that the world is a lot more fragile than we realised. However, as human beings we are remarkably resilient when responding to seemingly insurmountable challenges. And each of us relies on others to support our lives more than we thought.

HANS: This year has also confirmed that we must continue to constantly look to the future and ask ourselves "what if" … and take steps to future proof ourselves. There have of course been moments of great sadness for many but also so many examples of hope for the future. As we reflect on this, it feels like we are documenting history and we will be telling the story of 2020 to future generations for years to come. It is quite a story.

As a business specifically, how did Ageas react?

HANS: I am proud to say that we were there for all our stakeholders. The health and mental wellbeing of our employees was naturally top of mind from the outset, and we did everything possible to help ease their transition to remote working. We continued to service our customers. Moreover, our insurance companies temporarily extended or adapted their insurance coverage, for instance for patients, medical staff, volunteers… And we took measures to support the economy and the sectors most impacted by the crisis.

BART: We also delivered practical support well beyond insurance including to those most vulnerable in society, the lonely, and those most at risk or in need of help. For instance, when the pandemic struck China, Ageas donated 22,000 masks and 1,800 protective suits to medical staff in Wuhan and Hubei province. Inversely our Chinese partners sent 30,000 masks to hospitals in Italy and Spain heavily impacted by COVID-19 a few weeks later.

HANS: We also provided financial support to stimulate medical research around COVID-19 vaccines and anti-viral treatments. And there were many more initiatives from our local operating entities to help surmount the economic impact of the pandemic on the ground and to improve people's physical and mental wellbeing … The list is long. We look back with pride at what was done, and grateful for the heroes out there. Our people truly CARED, living the values we espouse as a Group.

How were you able to maintain business as usual in this difficult year?

BART: By staying focused and being responsive. Sometimes doing things differently but still getting them done. There are a lot of people who rely on us, so we had to find a way. We learned that adaptability, flexibility, and agility are key to being able to do this.

Together we kept the engine running

HANS: 2020 is the second year of our 3-year strategic plan Connect21 and it was important that we kept our minds firmly focused on our strategic goals and targets. We are grateful to our people and our partners for their determination and commitment to maintaining our connection with customers.

Together we kept the engine running, ensuring of course the health and safety of our employees came first by putting in place the right environment that allowed people to work from home and to return to the office in a safe and secure way where and whenever possible.

How would you describe the performance of the company in 2020?

BART: Our businesses have put in a strong performance in the second year of Connect21. They delivered continued sustainable profitable growth, benefitting more than ever from the geographic diversification, our well-balanced product portfolio and prudent management. In real terms our Life and Non-Life businesses reacted in different ways. While the financial markets weighed in on our Life performance, the measures to contain the spread of the virus had a positive impact on our Non-Life results with lower claims frequency. We were also able to benefit from sharing experiences between Asia and Europe. In the context of the pandemic things were moving at a different pace around the world, and we were able to benefit from these different experiences.

HANS: Despite the context, 2020 was a year with excellent results. Our top line revenue on a 100% basis decreased only marginally compared to 2019, thanks to a strong recovery in China and Singapore. Taking into account that everywhere our distribution is mainly "customer facing", through agents, brokers and bancassurance, we can be proud of the performance and dedication from our sales teams serving our customers at all times.

We closed the year with a Group result of EUR 1,141 million, of which EUR 961 million Insurance Net Profit. The Group result benefited from the successful FRESH transaction with EUR 332 million exceptional capital gains. Despite EUR 170 million less realised capital gains supporting the insurance result, our Life margins remained stable. Our strong operational performance in Non-Life lead to an excellent Combined Ratio of 91.3%. The company's results, balance sheet and Solvency position remained resilient and strong going into 2021. We can be proud of the way we navigated through a very challenging 2020.

In 2020 we made some important strategic moves. What is the significance of these deals for Ageas?

BART: In 2020, we decided to take a stake in Taiping Reinsurance, allowing us to diversify our product portfolio and to reinforce our longstanding partnership with its parent company China Taiping Insurance Holding. We also decided to divest our stake in our UK joint venture Tesco Underwriting, allowing us to focus on our core business in the UK and to concentrate our efforts on further developing the broker and direct business. This also provided us with an opportunity to crystallise the value that has been created in past years. And at the end of the year, we confirmed our confidence in the potential of our Indian Life insurance JV by acquiring an additional 23% stake, becoming the largest shareholder of the company.

Has Ageas delivered against its Connect21 targets?

HANS: Our strong operational performance ended the year within guidance. Our balance sheet remained strong as we built on a comfortable cash position and stable solvency margin, allowing us to deliver a dividend for our shareholders. And we responded to the regulator's concerns about the extra-ordinary market circumstances. In an open dialogue with the National Bank and based on the strong capital position, we decided to postpone the payment of the full dividend until the special shareholders meeting in the autumn. And in line with the Group's M&A guidance, the share buy-back programme was suspended in response to the sizeable transaction with Taiping Reinsurance.

We are confident we will reach our Connect21 targets by the end of our three-year strategic cycle. We are not there yet but we are working hard to get there.

How did the financial community respond to our performance?

BART: The vast majority of analysts that report on Ageas gave a positive or neutral recommendation. The success of the placement of subordinated debt of EUR 500 million and the fact that our financial ratings improved, reflects confidence by the investment community in the future of our company, our resilience and our ability to deliver.

Last year you set out a strong commitment to the UN SDG's, have you made progress?

HANS: We did indeed make a serious commitment to these goals through initiatives and products that provide solutions to a number of societal challenges from health and an ageing population, to mobility and climate change. The Principles of Responsible Investments (PRI) are fully embedded in our long-term approach to how we invest. This year we conducted our first materiality assessment, and the learnings from this important and comprehensive work will be important for our future strategic plans. The assessment also helps us to deliver on our promise of greater transparency to stakeholders around sustainability. This year we also endorsed other initiatives, like for instance the UNEP FI Principles of Sustainable Insurance (PSI) (a United Nations ESG Programme Finance Initiative). And we endorsed the Business for Nature initiative, underscoring our engagement to the sustainability cause. Corporate sustainability is integral to who we are as a Group and will become even more important in the future.

BART: Indeed, we made strong progress and ESG remains an ongoing priority for the long term, as we still have some way to go in that area. One of our key goals was to create more transparency and to improve our public disclosures of the different sustainability (ESG) aspects in the interests of our investors but also the wider public. We are proud that this was recognised in 2020 through higher ESG-ratings and substantial certifications linked to our investments.

Is Ageas ready for the future?

BART: Being future proof is very important. But there is no such thing as certainty in life or in business – this year has proven that. As a Group however we do look well beyond a three-year horizon to try to ensure we remain future proof. We owe that to our stakeholders. Our Think2030 initiative allows us to continually scan long term trends likely to impact our stakeholders across every aspect of life, leveraging a combination of human and AI. This year this initiative was further strengthened in scope and will be put to good use in our future strategic planning exercises. Forewarned is forearmed as they say.

Being future proof is very important

Are new things emerging on the horizon due to COVID-19?

HANS: The horizon will continue to change, and we will need to stay alert. For sure recent events have accelerated many of the key trends we have previously identified, and accelerated also our action plan in certain domains, including trends around the Future of Work where a new normal has emerged. Customer behaviours were already changing, but the growing reliance on digital technologies is reshaping customer expectations faster than ever. We constantly question ourselves to ensure we stay relevant and this will continue to be a feature as we begin preparing our strategic approach post Connect21.

This year also saw changes at the top, with a new leadership team emerging – what reflections do you have on this?

HANS: My predecessor, Bart De Smet, has been appointed Chairman of the Group. After what can only be described as a remarkable record over more than 10 years. Under his leadership most legacies related to the past have been resolved and Ageas gained the strategic and financial flexibility to write its own future.

I look forward to continuing to deliver the kind of performance expected from our teams

I look forward to continuing to deliver the kind of performance expected from our teams. And to seeing how we can go even further. We also welcomed in 2020 two new highly experienced people within the Management Committee, leveraging the great talent we have within the Group. Heidi Delobelle was appointed CEO of AG in Belgium and Ant Middle took up the role of CEO of Ageas UK. At the level of the Executive Committee, we appointed Managing Directors for Europe and Asia. This gives our two main regions a seat at the table at the Group level. And it further increases the exchange of expertise between regions, entities, and with our partners.

As you have taken on the new role of Chairman in recent months, any special reflections Bart?

BART: Firstly, I should say a big thank you to our outgoing Chairman Jozef De Mey who devoted so many years of service to the Group as both Chairman and in key executive roles. He was one of the key architects of our expansion into Asia. I handed over the keys of the door to Hans with huge confidence that he will do a great job as CEO. We have known each other for a long time, and I know the Group is in safe hands. While directionally I believe we are on the right lines, I would also be somewhat disappointed if nothing at all changes at Ageas. So, I look forward to seeing the changes Hans will make to build the company further in the future, with the support and strong commitment of our many thousands of employees in Europe and Asia.

Any final words, Hans?

HANS: Two in fact. Thank you.
In what has been an exceptional year we are grateful to our people, our partners, our customers, and shareholders for their loyal support. We learned that by working together we can achieve great things and we can make a difference. Ageas this year celebrated 10 years as a brand. For one so young, we think it has a lot of achievements under its belt – but it is not about what we did yesterday or even what we have done today, but more about what we will do tomorrow that counts and is the most exciting. Our company has been part of society for almost two centuries. Through good times and bad, we have witnessed many societal challenges and seen a lot of progress. We have always embraced change, remembering that our role remains a constant: to deliver against the ever-evolving needs of our customers and stakeholders.

2020 brought unexpected challenges, tomorrow there could be more, but we are ready and excited to see what the future brings

Hans De Cuyper & Bart De Smet

1 Key financials and developments

	2020	2019
Net result Ageas	**1,141**	**979**
By segment:		
- Belgium	411	427
- UK	65	69
- Continental Europe	136	108
- Asia	269	515
- Reinsurance	79	(16)
- General Account & Elimination	181	(124)
of which RPN(I)	(61)	
By type:		
- Life	570	841
- Non-Life	391	262
- General Account & Elimination	180	(124)
Weighted average number of ordinary shares (in million)	188	193
Earnings per share (in EUR)	**6.07**	**5.09**
Gross inflows (incl. non-consolidated partnerships at 100%)	**35,572**	**35,852**
- of which inflows from non-consolidated partnerships	26,107	25,326
Gross inflows Ageas's part (incl. non-consolidates entities)	**14,535**	**15,007**
By segment:		
- Belgium	4,575	4,959
- UK	1,525	1,552
- Continental Europe	1,873	2,171
- Asia	6,561	6,326
By type:		
- Life	9,978	10,482
- Non-Life	4,557	4,525
Combined ratio	**91.3%**	**95.0%**
Operating margin Guaranteed (bps)	**90**	**88**
Operating margin Unit-Linked (bps)	**29**	**28**

	2020	2019
Shareholders' equity	**11,555**	**11,221**
Net equity per share (in EUR)	**61.80**	**58.89**
Net equity per share (in EUR) excluding unrealised gains & losses	**39.64**	**38.26**
Return on Equity - Ageas Group (excluding unrealised gains)	**15.5%**	**13.9%**
Group solvency II ageas	**193%**	**217%**
Life Technical Liabilities (consolidated entities)	**78,692**	**77,442**

Ageas's net result marked by a strong Life and Non-Life operational performance

The Covid-19 pandemic resulted in an economic slowdown and extremely volatile financial markets since mid-February 2020. In this challenging environment Ageas managed to maintain inflows at EUR 35.6 billion, almost in line with 2019. The Group net result amounted to EUR 1,141 million of which EUR 961 million related to Insurance activities. Low mobility during the period of lockdown significantly reduced the claims frequency in Motor and thanks to Ageas's product portfolio which is mainly geared towards individual customers, the Group has limited exposure to claims related to lower commercial activity, both elements positively affecting the Non-Life performance. The volatility of the financial markets leading to equity impairments and a lower investment yield from Real Estate mainly affected the Life result. The Group's capital, solvency and liquidity positions remained solid in these challenging times.

IFRS Results

Inflows

The **Group inflows** including the non-consolidated entities (at 100%) remained strong in the challenging 2020 context. Inflows were almost stable compared to last year mainly thanks to a strong recovery of the Asian activities. The different timing of government measures to address the pandemic in the countries in which Ageas operates are reflected in the regional evolutions of the inflows across 2020. In Asia, gross inflows ended 4% higher year on year with a significant drop in the first quarter more than offset by a strong recovery in China and Malaysia in the second part of the year. In Europe inflows dropped 8%, due to lower Life inflows. The impact of the lockdown measures on the Non-Life premiums remained limited.

Net result

The **Group net profit** stood at EUR 1,141 million and benefited from EUR 332 million capital gains related to the transactions on the FRESH securities. Despite EUR 170 million less realised capital gains the Insurance operations generated a net profit of EUR 961 million marked by a strong Non-Life performance. The **combined ratio** improved to 91.3% marked by a strong performance across most of the product lines and benefiting directly and indirectly from the circumstances caused by the pandemic. The **Guaranteed operating margin** of the consolidated entities reached 90 bps. The unfavourable evolution of the equity markets and the lower investment income from Real Estate was more than compensated by a strong underwriting result. The Group **Unit-Linked operating margin** continued its steady progress and amounted to 29 bps.

The **Life** activities contributed EUR 570 million to the net profit and **Non-Life** EUR 391 million. The net result in Belgium amounted to EUR 411 million, with lower support from net capital gains nearly offset by a better Non-Life result. The UK activities contributed EUR 65 million to net result with a lower claims frequency and prior year releases in Motor more than offsetting the impact of adverse weather. The net profit in Continental Europe increased to EUR 136 million with strong results both in Life and Non-Life. In Asia, the net result came down to EUR 269 million impacted by the low interest rate environment and high volatility of the financial markets resulting in IFRS impairments on equities. The Reinsurance segment contributed EUR 79 million as a result of the strong overall Non-Life performance at the ceding entities.

The net result of the **General Account** increased substantially to EUR 181 million, benefiting from the aforementioned capital gain related to FRESH securities transactions. The revaluation of the RPN(I) liability resulted in a negative non-cash contribution of EUR 61 million.

Solvency

Despite the negative impact of the financial markets generated by the uncertainty from the Covid-19 pandemic and the FRESH securities transaction, Ageas's Solvency II_{ageas} ratio remained strong at 193%. The investments made in China (Taiping Re) and India (AFLIC) where more than compensated by the EUR 500 million Tier 2 debt issued in the fourth quarter.

The available solvency capital of the non-European Non-Controlled Participants (NCP) increased compared to December 2019 as business profitability more than compensated the payment of dividends to shareholders and the negative performance of equity markets. The decrease in Solvency ratio to 220% was driven by an increase in required capital reflecting business growth.

Statutory results of ageas SA/NV under Belgian Accounting Principles

ageas SA/NV reported for the financial year 2020 based on Belgian Accounting Principles a positive net result of EUR 672 million (2019: EUR 209 million) and a shareholders' equity of EUR 5,687 million (2019: EUR 6,118 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 Code of Companies and Associations, please refer to the Financial Statements of ageas SA/NV. PwC has issued an unqualified auditor's report on the ageas SA/NV Company Financial Statements.

Dividend

Ageas's solvency and cash position have shown great resilience over the past year and its operations remain strong. As a result, the Ageas Board of Directors proposes in full respect of the guidance issued by the National Bank of Belgium, to distribute a gross cash dividend of EUR 2.65 per share over the financial year 2020. This corresponds to a pay-out ratio of 56% on the Group net result excluding the impact from RPN(I) and the FRESH operation.

Acquisitions and disposals

On 14 October, Ageas and Tesco Personal Finance Plc (Tesco Bank) announced an agreement for Tesco Bank to buy Ageas's 50.1% stake in Tesco Underwriting. The partnership was set-up in 2009 and was extended for a 7-year period at the end of 2014. The transaction is expected to close in the second quarter of 2021 and remains subject to regulatory approvals from the Prudential Regulation Authority (PRA) in the UK.

On 27 November, Ageas completed the subscription to a capital increase of Taiping Reinsurance Co. Ltd. (TPRe), a wholly controlled subsidiary of its Chinese partner China Taiping Insurance Holdings. Ageas now holds 24.99% of the enlarged share capital of TPRe that operates Life and Non-Life reinsurance activities across the world.

On 31 December, Ageas announced the completion of the acquisition of an additional stake of 23% in the Indian Life insurance joint venture IDBI Federal Life Insurance Company Ltd. (IFLIC) and became the largest shareholder with 49% in the joint venture it operates together with IDBI Bank and Federal Bank. Following the transaction, the company was rebranded to Ageas Federal Life Insurance Company.

Other developments

In order to pursue effectively an integrated 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. More information on the progress can be found in note 3 of the Report of the Board of Directors.

Events after the date of the Consolidated statement of financial position

Refer to note 44 on the acquisition of a 40% stake in the Turkish listed life insurance and pensions company AvivaSA.

2

Strategy and business model of Ageas

2020 was the second year in the implementation 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”. The Ageas’s business report, published simultaneously with the annual report, provides various examples of how Ageas is implementing this strategy.

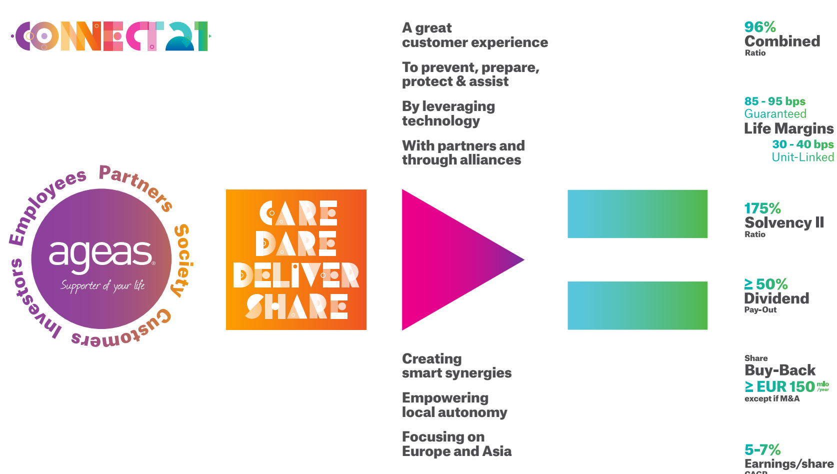
End 2020, the process of the next strategic review has kicked off. The outcome is foreseen to be communicated in the first half of 2021.

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 KPIs.

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, the UNEP FI Principles of Sustainable Insurance (PSI) 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.

The scheme below presents Ageas's business model in line with its strategy and specifies the Integrated Reporting capitals relevant to Ageas.

Ageas's business model

OUR PURPOSE

Supporter of your life

OUR VALUES

CARE DARE DELIVER SHARE

INPUT

Financial capital | Human & intellectual capital | Relationship & social capital | Natural capital | Regulatory context

OUR BUSINESS ACTIVITIES

EUROPE
Belgium
Continental Europe
United Kingdom

ASIA

LIFE
NON LIFE

UNDERWRITING | **INVESTMENTS** | **RE-INSURANCE**

OUTPUT

Well served, satisfied customers | Engaged employees | Long term solid relations with our partners | Return to our shareholders | Impact on society

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 in 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 2015 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. In 2020, ageas SA/NV also commenced to participate in existing Life reinsurance programs of its group companies ("Protection Business"), with a Pilot project together with Portugal. In 2021, this participation will be continued and further opportunities, also in the context of Capital Management Business, will be analysed.

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.

3

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:

The 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"**

Ageas's first materiality matrix

To gain detailed insight into the sustainability topics that are most relevant for the business, Ageas performed its first materiality assessment in 2020. The results of the assessment will be used as input for future strategic planning cycles as well as to increase transparency on sustainability to stakeholders. The materiality assessment consisted of three large phases which took place between February and September 2020.

As consultations were conducted during the global COVID-19 crisis, it is no surprise that the topics Financial Resilience and Responsible Governance rank highest from both a stakeholder and management perspective. For an insurance company, having a solid financial performance, strong and reliable governance and continuously anticipating (societal) challenges is crucial to fulfil all stakeholders' needs.

How we went about it

In a first phase, an elaborated desktop study on internal and public documents (documentation by internationally recognised sustainability standards and organisations, ESG ratings, reports of peers and media articles) was performed, to arrive at a list of relevant topics for Ageas, adhering to the concept of double materiality. Ageas's different operating companies were involved in this phase to ensure the list of topics were representative for all geographical areas in which Ageas is active.

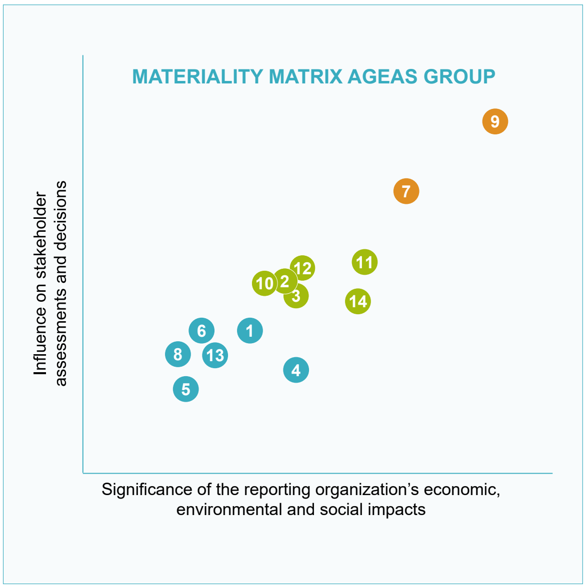
In the second phase stakeholder and management consultations were held to help prioritise the relevant topics. Different stakeholder groups were selected based on Ageas's impact on them and their influence on Ageas and were categorised under Employees, Investors, Society and Business Partners. The End Customer was not included during this first materiality assessment. Alternatively, business partners (brokers) did provide insights on the expectations of the End Customer. Even though Ageas is in frequent contact with all stakeholder groups, it was the first time these stakeholders were consulted specifically in the context of sustainability. Discussions will be ongoing with each stakeholder group on specific topics resulting from the assessment. To gain insight into the geographical differences of the Ageas Group different entities were included in these consultations: Belgium, UK, Continental Europe and the Ageas headquarters in Brussels and Hong Kong.

For the internal perspective the Executive Management and Board of Directors, as well as the OpCo CEOs and HR managers were involved. Both the stakeholder and management consultations consisted of an online survey, combined with in-depth interviews. Ageas received a total of 1,234 answers for the surveys (response rate of 54%). Furthermore, a total of 22 in-depth interviews were organised, spread across the different stakeholder groups and management, to ensure a more profound understanding of the expectations and performance of Ageas on these topics.

The third and final phase consisted of analysing all the input received and drawing conclusions. This resulted in a consolidated materiality matrix for the entire Ageas Group (see below). To make the results more tangible for the local OpCos, a materiality matrix was built for each OpCo as well. The group materiality matrix was presented to and validated by the Executive Management and the Board of Directors.

Results

The first materiality matrix for Ageas shows as follows:



#	TOPIC
	HIGHLY MATERIAL TOPICS
9	Financial resilience
7	Responsible governance
	MATERIAL TOPICS
11	Insurance products and services protecting against societal challenges
14	Social responsible investments focusing on societal challenges
12	Easy to understand, fair and transparent information to customers
2	Health and well-being of our employees
3	Personal and professional development of our employees
10	Insurance products and services incentivising responsible behaviour
	MODERATELY MATERIAL TOPICS
1	Environmental footprint of our business operations
4	Equal opportunities of our employees
6	Employees and customers' data protection
13	Financial inclusion of customers (accessibility of protection)
8	Local community engagement
5	Public debate participation on societal challenges.

Ageas has connected the top 8 ESG materiality topics to the capitals of the International Integrated Reporting Council (IIRC[1]), as included in Ageas's

#	MATERIAL TOPIC	IR capitals	SDGs
9	Financial resilience	Financial	8
7	Responsible governance	Intellectual, Human, Social & Relationship	17
11	Insurance products and services protecting against societal challenges	Intellectual, Social & Relationship	1, 3, 4, 5, 10, 11, 13, 17
14	Social responsible investments focusing on societal challenges	Financial, Intellectual, Social & Relationship	9, 11, 13, 17
12	Easy to understand, fair and transparent information to customers	Social & Relationship, Intellectual	4
2	Health and well-being of our employees	Human	3, 8
3	Personal and professional development of our employees	Human	4, 8
10	Insurance products and services incentivising responsible behaviour	Social & Relationship, Intellectual	3, 4, 13

1 *Integrated Reporting model see https://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf*

Governance of sustainability

The Ageas governance model is based on a robust framework capable of ensuring that there is understanding, oversight and accountability for risks arising from sustainability related topics at all levels of the Group. As stipulated in the Corporate Governance Charter, the Board of Directors has the role of oversight and pursues sustainable value creation by the Company, Ageas group, by setting the strategic ambitions for the management of the Company and by putting in place effective, responsible and ethical leadership and lastly by monitoring the Company's performance. In order to pursue effectively such sustainable value creation, the Board develops an inclusive approach that balances the legitimate interests and expectations of its shareholders with those of the other stakeholder groups. It should lead to an increased focus on topics related to sustainability also labelled ESG matters and in a broader sense how to deal with current societal challenges on which the Company may want to respond via its products and services or investment strategy. The four sub-committees each take up a specific part of this role, advising to the Board. For example the Remuneration Committee advises on how to include sustainability in the performance KPIs, and the Risk and Capital Committee on defining and monitoring risks including those of a social and environmental nature within the traditional underwriting in Life and Non-Life and in its investment strategy taking into consideration any reputational and business risk including the environmental and societal aspects (more details on risk management process see General Note 04).

From a management point view, the sustainability strategy and implementation is steered out of the CEO office, reflecting the width of the commitment and the fact that stakeholder engagement is a widespread topic that touches upon the entire Company. Under the leadership of the Sustainability department, a broad plan to implement ESG (Environment, Social and Governance) related aspects, including Climate related matters, has been set up. This plan entails the reflection around current and future products, our investments and thirdly our operations. The Corporate Sustainability team is supported by a group of so called ESG ambassadors, representing the operating companies in Europe and Asia and also including the subsidiaries AG Real Estate and Interparking, as well as key functions at Corporate level, such as Risk, HR or Communications, necessary to ensure a coordinated approach and to bring in the necessary expertise for a consistent implementation. Several cross-functional ESG Task Forces deal with various sub-projects including one dedicated to assessing and implementing the TCFD guidelines.

The Group Director Sustainability leads and oversees all projects, reports to and interacts with the CEO and ensures regularly briefings to the Board of Directors, the Executive Committee and the Management Committee on the progress made as well as requesting their approval of topic specific action plans.

Besides the SDGs and the Principles for Responsible Investment (UN PRI), Ageas also formally subscribed to the UN Global Compact (UN GC) and Principles for Sustainable Insurance – UNEP FI (PSI) frameworks in 2020 which are all supportive to the overall objective to be a stakeholder driven company focusing on creating both economic and societal value and reconfirm its commitment.

Scope and set-up of the non-financial information disclosure note

The disclosure reports in accordance to the EU directive on non-financial information, national ESG related legislation and regulatory recommendations such as the Euronext guidance on ESG reporting issued in January 2020. It elaborates on the progress made by stakeholder group linked to the outcome of the ESG materiality survey conducted in 2020 but also consistent with the pledges agreed upon within Connect21. The selection of the KPIs is benchmarked with ongoing initiatives and standards such The World Economic Forum's Towards common metrics and consistent reporting of sustainable value creation and SASB insurance sector standard; these benchmarks serve as an additional source of inspiration for further KPI development. Where possible and appropriate, Ageas also provides in addition to qualitative information a number of non-financial indicators.

For the first time, the information and data in the Annual Report is prepared in accordance with the GRI Standards: Core option. The GRI Standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts. Sustainability reporting based on the Standards provides information about an organization's positive or negative contributions to sustainable development. The GRI content index (see section H) shows against which indicators Ageas reports, and where to find the respective information. Similarly to last year the principles of integrated reporting were applied wherever possible.

The present report covers the entire Ageas Group and matches the scope of consolidation used for financial information in the consolidated annual report, unless otherwise stated.

3.2 Our customers and partners

Material topics covered in relation to the customers

- Insurance products and services protecting against societal challenges
- Easy to understand, fair and transparent information to customers
- Insurance products and services incentivising responsible behaviour

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 their life to the fullest with peace of mind at every stage of their journey".

The pledges towards our 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.

Group wide Ageas serves nearly 39 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 to 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.

Ageas is mindful of the fact that the world is changing fast and wants to deliver to the expectations brought forward by its stakeholders in the materiality assessment offering easy to understand, fair and transparent information and incentivising responsible behaviour of its customers.

Insurance products and services protecting against societal challenges

Health and wellbeing

Ageas wants to be a real partner in taking care of people's health and wellbeing fully endorsing SDG 3

Prevention is one of the cornerstones of that strategy and perfectly illustrated by AG Health Partner, an in-house start-up that offers an innovative and comprehensive well-being approach for the employees of companies, without even a direct link to insurance products. AG Health Partner supports organisations in establishing a real health and wellbeing vision and strategy through a 3-step approach starting with an in-depth analysis of the company's needs, summarized in an action plan. The next step consists of a selection phase in which the company chooses from a catalogue those initiatives that fit the company values and needs. This catalogue is built together with recognized Belgian experts in the field of mental, social and physical wellbeing. And finally, an implementation stage encouraging employees to use "My Health Partner", a knowledge and engagement platform with personalized services to be "happy and healthy at work".

The feedback of the customers is extremely positive both from the employer side as from the employee side, a proof that partnerships with professional organisations in the field are crucial when delivering high standard customised services.

In Portugal, Médis built out an own ecosystem connecting all main actors in Health Care. One of the recent innovations is the introduction of "Médico online", an on-line connection with a doctor 24h/7 via (video)call allowing full digital interaction including the exchange of documents and prescriptions. In these challenging times of the pandemic, it was for sure the right time to launch such a solution giving easier access and care to customers in the new world of social distancing and security measures.

As a supporter of the lives of our customers, the global pandemic, a moment of truth

In addition to participating in sectorial and governmental initiatives, Ageas responded in many different ways illustrating our values in moments that matter most. Below we share some limited but representative examples that were rolled out to help those most impacted. Similar initiatives were taken towards the employees and more in general towards society and can be found in section 3.3 and 3.5.

- Special attention was paid to clients care takers and for instance, in China and Thailand, (partially) free covers to medical personnel who were diagnosed or died due to COVID-19 was provided. At the same time, Muang Thai Insurance offered free personal accident insurance to physicians, nurses and medical personnel as this was the case for AG that extended automatically the Workman Compensation and Liability cover of its healthcare institution clients with an accident and liability cover for occasional "volunteer" staff. And Interparking put free parkings at disposal of medical staff and security services;
- Temporary support was given to customers having difficulties in paying their premiums due to income losses. In Vietnam, we reviewed the payment frequency for customers with financial difficulties caused by COVID-19; in Singapore we granted for instance 6 months extension of travel policy. Also in the UK, flexible cover and payment options were put in place including waiving midterm adjustment and cancellation fees, offering payment deferrals to support customers in financial difficulty, and providing refunds on annual travel insurance policies. AG Real Estate gave retailers a 50% discount on the commercial rent for the period of the lockdown. The payment of the remaining rent could be spread out until the end of the year. With respect to the Food & Beverage industry, the retailers concerned did not have to pay any rent during the lockdown. And Interparking gave for instance a temporary 50% discount for holders of a P-card;
- To stimulate the local economy AG in Belgium emitted 200,000 vouchers of EUR 20. Customers could spend them in local shops which were the most impacted by the crisis, to give them some extra support. In Portugal, a global market initiative was launched to support small and medium-sized companies in the retail sector. Vouchers were distributed to safeguard jobs and the survival of many businesses. In that context, Ageas Seguros co-created Keep Warranty, a mechanism that ensures, within certain limits that all vouchers that cannot be used because the responsible company ended its activity are paid back;
- Aksigorta delivered a special support package to its agency channel by reviewing commissions to cover for income losses, providing internet packages and additional training.

Ageing

Population ageing is to become one of the most significant social transformations of the twenty-first century, with implications for nearly all sectors including insurance. By 2050, one in six people in the world will be over age 65 (or one in four in Europe) and the number of persons aged 80 years or older is projected to triple. Ageas invests in different ways on how to support the needs of this growing segment, leveraging upon its commitment for SDG 3 but also for SDG 1 and SDG 9.

Médis offer towards senior people redesigned into Médis vintage
Via this repositioning, Médis aimed to better respond to the needs of the senior population. The moment of retirement often comes with the end of an employer-provided health insurance and as National Healthcare Service in Portugal is under pressure, Médis saw the need to design a specific offer. In addition to the existing product, it now includes an important cover for critical diseases as well as new services focusing more on prevention like a yearly check-up and vaccination against flu. Medical care at home (physiotherapists or nurses) or complementary services like rental or acquisition of orthopedic materials, delivery of medicine at home and even services like cleaning or catering are all part of this vintage package that can be subscribed in two formulas; vintage or vintage plus. With these new solutions, Médis confirms once again to be a real reference in Health care.

Phil at home in Belgium continued its development
This service supports elderly people to stay at home longer and in full security & comfort. The value proposition was further enriched with a smart door lock enhancing the security and with videocalls allowing non digital savvy senior people to remain in touch with family or even obtain appropriate care support at a distance which was tested with i-mens, the second biggest care provider in Flanders. And through the challenging times of COVID-19, the home services became only more relevant with more than 70% of senior people expressing the desire to stay in their house getting old. Phil at home softened the loneliness of 350 seniors by also providing tablets to people in residential care or in their home context to allow them to stay in contact with their families.

Inclusion

Ageas wants to contribute to making insurance accessible and affordable to all thus implementing the SDG 1 on reducing poverty and SDG 10 on eliminating inequality.

Taiping Life, together with their major shareholder China Taiping Insurance Holding is supporting impoverished communities in both Anhui and the Gansu Province and they launched different initiatives ranging from economic assistance to providing education and accessible insurance designed to reduce poverty due to sickness.

Also in Malaysia via its joint venture Etiqa, Ageas is offering insurance products at low premiums to make them affordable to all, providing a lump sum in case of death and disability to protect the family, ensuring customers do not fall into the trap of poverty.

Climate Change

Crop Insurance helps farmers manage impact of climate change
Extreme weather events from more storms and persistent rain, gusts, and hailstorms to long periods of drought can have a devastating impact. Farmers are often one of the first victims of these climate events, at worse losing entire harvests, and in turn their livelihoods. When AG and Dutch specialist insurer Hagelunie joined forces at the start of 2020, an offer was developed to allow farmers in Flanders to insure their crops against the damage caused by natural phenomena through the comprehensive climate risks weather insurance.

This partnership combines Ageas's knowledge of the farming sector and extensive distribution network with the specialist expertise of Hagelunie in the field of agricultural risks. At the end of the first harvest season the results were very positive both in terms of the number of contracts concluded but also in terms of claims management. The extremely long drought in the spring of 2020 had a significant impact on the agricultural sector with crops badly impacted leading to smaller harvests later in the year. That loss of harvest was compensated by this new insurance policy with up to 80% of the damage suffered paid out.

Ageas is at the heart of the mobility revolution and ensures positive impact on the environment
Ageas is engaging in new technologies, new partnerships, and new innovations. As the phenomenon of autonomous cars becomes more and more a reality, Ageas is clearly a frontrunner. Ageas was the first insurer of a 100% electric and fully autonomous vehicle in Portugal back in 2019, where a campus shuttle today operates around the University of Nova.

Also AG in Belgium has stepped up when insuring the first self-drive vehicle on the road in Belgium in a real-life situation. This first self-drive bus is used to transport hospital visitors of the in Ghent based General Hospital Maria Middelares, from the tram to the entrance of the hospital on a road that is also open to other road users. Known as 'Olli 2.0', this vehicle has sensors equipped with artificial intelligence allowing to detect road users and other obstacles and to adjust its trajectory and speed accordingly. Remarkably, 80% of Olli 2.0's components are produced by a 3D printer. AG ensures the liability risk, gaining at the same time knowledge and experience in a future in which autonomous vehicles will become common place.

Both examples illustrate Ageas commitment for SDGs 1, 9 and 17.

Technology

The technological progress and digital innovation also enable Ageas to offer more sustainable products and to open the doors to many new offerings that facilitate the life of the customers. Specific apps and solutions based on data analytics and better predictive models are incorporated in the way we do business, contributing thus to the SDGs 8 and 9.

In Ageas UK, the award winning Tractable makes claims experience easy for customers

Working with technology company Tractable, AI software makes it easier to assess damage and estimate repair costs during the initial call from the customer. This along with tools such as Sightcall (a live video link with customers to perform real-time claims assessments), allows claims to be settled faster and to get customers back on the road more quickly. The efficiency improvements also deliver significant environmental benefits by cutting vehicle visits and avoiding lengthy paperwork. It helps Ageas to evaluate and decide within minutes whether a customer's damaged vehicle needs repairing or replacing whereas Ageas favours repair, rather than expensive or unnecessary replacement.

WhatsApp enables a conversational tool for customers in Turkey

As the most widely used communication platform in Turkey, WhatsApp was an obvious channel to incorporate into the omnichannel experience. The aim is to create a conversational insurance experience building on the success and capabilities of the Aksigorta Digital Assistant (ADA) which takes advantage of AI and NLP technologies to chat with customers. Claimschat was born being a new automated WhatsApp group set up for customers who report non-motor damage and connecting all parties participating in the claim. In its first year, Claimschat captured on average 1,000 non-motor claim files per month achieving on average a 4.2/5 customer satisfaction rating. File completion times were reduced by 30%, and 50% of non-motor claims were handled by the WhatsApp group.

Further building upon ADA and using a Whatsapp Business account, Aksigorta manages to handle basic requests by Chatbot and more complex ones are transferred to the call centre without any loss of connection. The programme handled some 3,000 queries per month.

The application of technology is happening across our business: the motor claims app of Etiqa provides immediate assistance in case of need and initiates the claim by video call. Etiqa also launched in 2020 the live chat that supports online customers when buying a policy until the moment of a claim.

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

Easy to understand, fair and transparent information

Ageas is committed to communicate in simple, understandable language, providing access to the right tools that help customers to make informed decisions based on knowledge.

Etiqa makes home insurance easy to understand

Etiqa in Malaysia and the Swedish retailer IKEA joined forces to offer customers of IKEA a new home contents insurance solution. Available online, the policy is designed to make home insurance simpler, more affordable and more accessible to the public. Thanks to a fully digital application process customers make the purchase via the IKEA website and manage their insurance policies online thereafter. The comprehensive policy offers home contents and personal accident insurance on a fast and easy way whether this relates to buying insurance, submitting claims, or receiving payouts. The product is appropriately named HEMSAKER derived from the Swedish words for “home” and “security” – perhaps now, more than ever before, making our homes feel like a safe place to be is something we all desire.

Financial literacy

In line with SDG 4 related to Quality education, Ageas engaged in a number of different initiatives designed to improve levels of financial literacy.

Ageas wants to make the world of insurance as simple as possible through clear communications. With this in mind, Ageas launched in Portugal a series of live educational radio broadcasts on RádioRenascença’ a Portuguese radio station enjoying a strong national broadcasting . This series branded ‘Play safe’, introduced 5 Ageas’s experts to explain in a simple way a number of insurance related topics and products. By using practical examples and familiar situations, the experts were able to clarify those elements listeners found most confusing, responding to questions raised to them.

In Belgium, Yongo, an existing AG savings and investment platform for children developed a financial literacy tool aiming to encourage financial education of children and a disciplined approach to money from the earliest age. The tool was designed to assess competences but also to teach children aged 6 -12 more about money. It allows parents to get a good sense of how familiar their children are with money, providing them with access to tips and advice from other parents and experts to improve their knowledge. Yongo does not only target parents but also supports schools and teachers to inspire them and offer access to relevant information for financial education. The organisation of a webinar dedicated to the topic and offering insights from a practical and scientific angle was also on the agenda in 2020. Not only children benefit from financial education, also millennials do not always know how to prepare best for retirement and how to keep a good life. AG developed 4 podcasts called the “centennials” on how to ensure financial peace of mind in the golden age.

Protecting your data carefully

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 as it 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.).

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. 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 the Ageas Information Security Framework. The latter is inspired by international standards such as ISO 27K series as well as by industry best practices regarding information security. 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 closely monitors any data breach, evaluates them based on the incident severity assessment and reports to the authorities as required. The latter was the case in about 3% of all data breaches.

Insurance products and services incentivising responsible behaviour

Ageas is aware that as a leading insurer, it has a unique role in incentivizing preventive and responsible behaviour of its customers in facing the societal challenges.

Sustainable investments

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.).

AG also offers a broad and increasingly large range of sustainable products including pension products, long terms savings and unit linked products. Some 95% of these have attracted external certification such as the Towards Sustainability label. AG is the only insurer in the market to be able to offer fully certified Branch 21 products. Some 14 new sustainable products have been added to the sustainable products range in the course of 2020 bringing the total amount to EUR 11.2 billion or almost double compared to 2019.

Increasing environmental awareness

Ageas UK has introduced an initiative to repair vehicles using recycled car parts, increasing environmental awareness with its customers. The environmental impact of repairing and replacing damaged vehicles is costly and the industry's carbon footprint is significant. Ageas UK deals with around 40,000 vehicles damaged in crashes annually, requiring about 400,000 plastic and metal parts to make them roadworthy again.

The impact of the COVID-19 lockdowns enabled the green parts to step up to the plate and fill distribution gaps in repair supply chains. The use of green parts is a win-win for insurers: not only can they get policyholders back on the road quicker, but customers can often keep beloved cars that may otherwise have been deemed too costly to repair. The approach is a relevant contribution towards the circular economy, customer engagement and also helps in the supply chain. Enough reasons for Ageas UK to consider extension to other lines of business aside of motor.

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.

Ageas NPS framework has 4 dimensions: competitive benchmarking NPS, relational NPS, touchpoint NPS and customer journey NPS, all with the aim to measure how likely it is that customers will recommend Ageas's products or services. NPS is therefore recognized as a key indicator for customer loyalty. This KPI is consistently measured and followed up in most of our local operations.

Next to the NPS, the Opcos are using other metrics to organize for customer feedback, such as the Net Easiness Score (NES).

Beyond the measurement, NPS results are driving customer experience improvements, based on continuous feedback loops. A recent example is the redesign of the customer journey for instance for pregnant women in Médis to really understand their needs and to improve the value proposition. In the UK they have created a vast Customer Journey Atlas using the Signavio tool for mapping different journeys.

Still in the UK, The launch of our speech analytics tool 'CallMiner' has helped to understand the cause and effect of customer pain points extracting insight from unstructured customer interactions across all channels. The technology allowed to assess over 650,000 calls from customers and to identify over 20 business improvement initiatives.

The table hereafter provides all relevant non-financial information with comparable data as per 31 December 2020 and 2019

Number of customers (group) *(in mio)*	2020	2019
Belgium	2.97	2.98
UK	5.16	4.81
Continental Europe	5.18	4.95
Asia	25.53	23.99
Total	**38.84**	**36.73**
Presence		
Number of countries with direct or indirect presence	14	14
Customer satisfaction		
% of consolidated entities with NPS benchmarking versus competitors	58%	70%
% of consolidated entities with an NPS score at or above local market average	92%	88%
% of customer journeys/touchpoints consistently monitored on transactional NPS	61%	Around 40%

3.3 Our employees

Material topics covered related to employees

- Health and well-being of our employees
- Personal and professional development of our employees

The exceptional situation in 2020 due to COVID-19 has proven once more that the commitment, along with high levels of employee engagement and skills across our global business, alongside our values has been instrumental to overcome terrible times.

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 11,179 as per 31 December 2020 (with an average seniority of 13.0 years).

The pledges towards our people are:

- We recognise 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.

The focus in 2020 has once again been ensuring an inclusive place to work, putting customers at the heart of everything ensuring that Ageas's employees have the capability and skills, not only for today, but for the future workplace as Ageas's employees are vital to long term success.

Health and well-being

Being a 'supporter of your life' is not only the commitment for our customers, but also for our colleagues. The health and well-being of our people was supported by many initiatives introduced across the local entities.

The Ageas Challenge was launched in 2019 to all employees globally. By the end of 2020, 4,620 employees were connected on the digital platform which provides regular updates of challenges, health food ideas throughout the year. As it was impossible to participate physically in the Olympic triathlon of Lisbon earlier in the year, those employees that had been selected to participate, have continued their training, in the hope they will be able to participate in 2021.

Furthermore a range of global challenges were introduced this year, to maintain focus and encourage an active and healthy lifestyle, one having a global target of 2.5 million kilometres of active movement, another one being the Ageas Tour Challenge 2020. In early December, this global target was reached, thanks to our employees getting involved in daily steps, walks, runs, bike rides, swim and many other activities! One particular initiative to reach these goals was about cycling: more than 250 employees gathered in virtual teams to ride the same distance as the peloton of the Tour de France does in three weeks.

Jerseys were awarded to the top participants, both women and men: a yellow jersey for the best rider overall, and a polka dot jersey for the King or Queen of the mountains.

Each operating company has created specific solutions for their colleagues to support the ongoing mental, physical and financial well-being of their people.

Below are just some examples of the initiatives introduced:
Colleagues in United Kingdom introduced the Ageas | Parents Workplace Group and ran virtual drop in sessions to support working parents share their challenges during lockdown; the Mental Health First Aider support was expanded by increasing the number of colleagues in this area; introduced a working from home hub, with a range of health and well-being tools and support guides; ran webinars on financial wellbeing and to help spot the signs of our people struggling with wellbeing, given most people have been working from home since March.

In Belgium the ‘feelgood’ programme was rolled out to provide immediate support to all colleagues in both their personal and professional lives. Several trainings and inspiration sessions were held on a range of topics including; resilience, positive focus and a healthy lifestyle, work-life balance in times of fulltime homeworking.

Wellbeing, sports, health and nutrition were the key axes of the Portuguese programmes for supporting the health and wellbeing of its employees.

Ageas directly contributed to SDG 3 through stimulating an active and healthy life style of its employees.

Personal and professional development of our employees

The development of our people remains a priority and for 2020 this has continued. The main principles are captured in the Training and Development policy. Overall, Ageas welcomed 465 participants to its Ageas Academy in 2020. This is a significant increase on the 265 that attended a programme last year, due to the increase in the number of programmes made available and the digital delivery of these, allowing the programmes to span geographies. This saw a host of new e-Learning solutions introduced, a new series of Livestream sessions and virtual Talent Development Programmes.

The development covers a broad range of business wide topics, both technical and non-technical. Some examples being: customer and business knowledge, executive and leadership development, leading with technology and developing resilience. The programmes were highly appreciated by the participants and continue to deliver above the set KPI of 8/10 on the level of quality and relevance.

The Ageas Academy, alongside what is delivered locally in each of our entities, amongst others by investing additionally in virtual courses to accommodate employees working from home, contributed to their personal learning curve and overall employee well-being in this challenging year.

Providing various toolkits, guidance and training to people managers supported them to manage their teams in a virtual and remote way.

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 87% in 2020 (compared to 85% in 2019). In addition and specifically, for employees involved in data processing activities e-learning modules were available as well as tailor made training sessions.

These initiatives fit in the realisation of SDG 4.

Below are the number of formal training hours across three of our home markets. The impact of the COVID-19 Pandemic meant that all face-to-face programmes were transformed to a digital format, impacting the number of training hours negatively as there was some time elapse before the conversion to the digital versions was executed.

Training hours	2020	2019
AG Insurance (Belgium)	136,295	170,454
Ageas UK	46,615	76,497
Ageas Portugal	42,293	30,270

Employee engagement

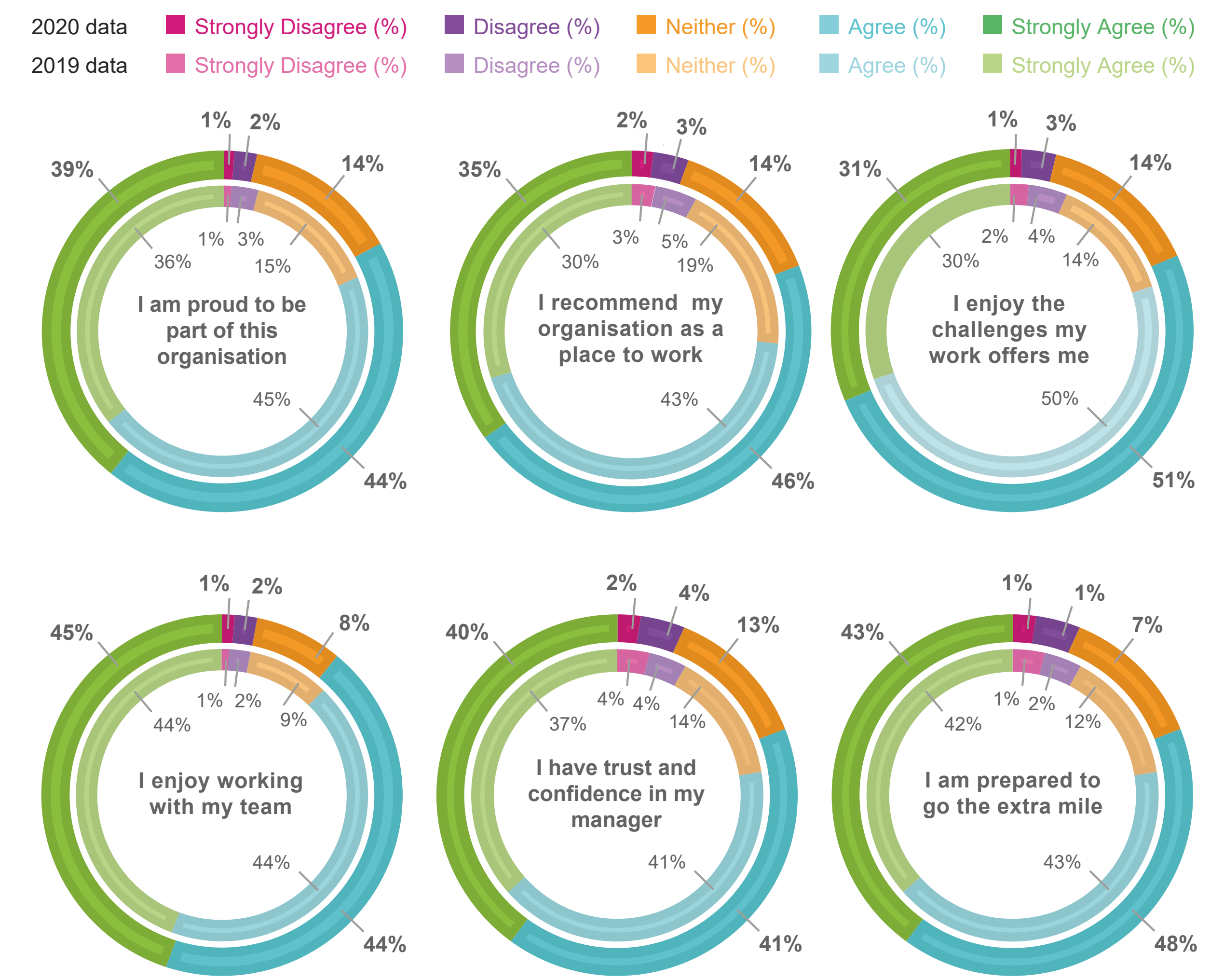
The global voice of our people remains a key strategic focus for us. This provides valuable insight to drive growth, engagement, culture and leadership.

There are two main channels that capture the voice of our people:

- Employee engagement surveys undertaken across each Ageas local entity;
- Denison Global Organisation Culture Survey.

The local Employee Engagement survey focuses on the local business engagement, NPS, levels of participation, diversity and inclusion and six global core questions to help measure our colleague sentiment, these include:

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



2020 and 2019 results of Employee Engagement excluding UK

The 2020 survey (excluding UK) revealed improvement across every area measured. 'I recommend my organisation as a place to work' was the most improved score year on year.

These results continue to show that our colleagues remain highly motivated and value Ageas as a highly rated employer.

Overall, participation rates were also up across the organisation, with an average score of 88.6%, compared with 80.1% in 2019.

Each OpCo has implemented activities and initiatives to support these improvements, particularly focused on communication, learning and development, employee well-being and compensation and benefits.
Since the outbreak of the COVID-19 pandemic, our flexible working approach was fast-tracked to ensure most of our people now can work from home.

The Denison Global Organisation Culture Survey is an industry leading management tool, providing a platform for senior managers to provide feedback, share insights and contribute to the development and enhancement of our Ageas Group culture. The responses are taken from the Top 800 leaders globally.

Diversity and Inclusion

Having a diverse and inclusive place to work, is also core to our values and expressed through the Diversity and Inclusion policy. Ageas endeavours to create an environment with diverse cultures, colours and backgrounds and encourage everyone to embrace diversity.
Across the company, there are many activities and initiatives already underway to support the focus on diversity and inclusion and to encourage everyone to bring 100% of themselves to work every day.

This year a Global Inclusion Forum was introduced where a representative from each entity meets each month (virtually) to discuss their ideas, ambitions and recommendations and identify areas where they can work collaboratively and continue to drive forward activities.

Through the recent Denison Global Culture Survey, 74% of colleagues said that they valued diversity and inclusion, and 75% thought that Ageas has an inclusive culture. This is a great foundation to build on with continued focus and effort.

Gender diversity across our total global organisation is visualised in the below table:

Split male/female	2020	2019
Total number of employees		
- Male	46%	46%
- Female	54%	54%
Board of Directors		
- Male	67%	67%
- Female	33%	33%
Top Management		
- Male	74%	75%
- Female	26%	25%

Ageas fosters an international workforce, illustrated by among other things 22 nationalities working out of the Brussels Corporate Centre office. A local approach and focus on other areas of diversity and inclusion beyond a focus on gender continues. This covers activities to support the areas of disability, age, ethnicity to name but a few.

There is also a continued focus on ensuring greater diversity across our talent pipeline, succession planning and recruitment activities.

The Employee Sustainability Goals have a focus on Human Capital and diversity and inclusion play an important focus across these initiatives.

Measuring the effectiveness of the pledges to employees

The table hereafter provides all relevant non-financial information as commented above with comparable data as per 31 December 2020 and 2019.

	2020	2019
Workforce		
Number of employees (group)	more than 45,000	more than 45,000
Headcount consolidated entities	11,179	11,552
Average seniority (# years)	13.0	13.3
Diversity		
Total employees		
- Male	46%	46%
- Female	54%	54%
Board of Directors		
- Male	67%	67%
- Female	33%	33%
Top management		
- Male	74%	75%
- Female	26%	25%
Nationalities		
Number of nationalities at head office	22	16
Employee engagement		
Employee engagement survey - participation rate	87%	76%
Denison participation rate	72%	69%
Employee development		
Number of trainees at the Academy	465	276
Ageas Academy - quality and relevance score	above 8/10	above 8/10
Training hours at		
AG Insurance	136,295	170,454
Ageas UK	46,615	76,497
Ageas Portugal	42,293	30,270
Job-related trainings - coverage		
GDPR	87%	85%
Employee well-being		
Ageas Challenge : global participation	4,610	4,000
Ageas Challenge : participants to Olympic triathlon	n/a	65
Remuneration		
Total employment costs (in EUR mio)	834	831
Ratio of median to CEO salary	24.1	26.0

n/a : not applicable

8 DECENT WORK AND ECONOMIC GROWTH

3.4 Our investors

Material topics covered related to investors

- Financial resilience
- Responsible governance

The pledges towards our 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, a topic that is also more and more actively discussed during investors' meetings.

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 2020 analysts identified 85% of the shareholders base of which institutional shareholders represent 48% of all outstanding Ageas's shares. The table below reports on the proportion of longstanding relationship with our main institutional shareholders.

Investor Loyalty	2020	2019
% of outstanding shares represented by top 100 investors	45%	47%
Of which own for at least 10 years (for 2019 at least 9 years)	53%	54%
% of shares owned for min 10 years (for 2019 at least 9 years)	28%	31%

3.5 Our society

Material topics covered in relation to society

- Insurance products and services protecting against societal challenges
- Socially responsible investments focusing on societal challenges

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 aims to contribute to a better society in four ways:

- A responsible and sustainable investment strategy;
- Insurance products and services with a stronger focus on societal challenges;
- A stronger focus on environment friendly operations and sustainable operational behaviour;
- Philanthropy initiatives.

A responsible and sustainable investment strategy

For the investment strategy of its assets under management, Ageas functions locally, however supervised at Group level by the Ageas Investment Committee (Agico), overseeing the principles of investments and setting 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. The investment strategy is supervised by the Chief Investment Officer (CIO).

Ageas and more specifically AG (Belgium), representing some 80% of Ageas's investment portfolio, has a long track record with respect to sustainability. 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.

By underwriting UN PRI the companies formally commit to incorporate environmental, social and governance aspects as a fundamental cornerstone of their investment decision framework. Since then, the framework has been gradually rolled out within the organization and both Ageas and AG published their first UN PRI investment report in 2020.

The main principles applied can be visualized as follows:

WE EXCLUDE	Controversial weapons	Financial embargo	Tax havens
	Weapons industry	Tobacco	Thermal coal
	+		
WE INTEGRATE	ESG integration		
	+		
WE ENGAGE*	Engagement and voting		

** "We engage" exclusively relates to the equity and corporate bond portfolio held in Belgium.*

In this same context Ageas also integrates the principles set out in the TCFD recommendations as part of its Responsible Investment Framework. This framework integrates ESG related principles including those specifically related to climate change considering as such the transition to a low carbon economy. The carbon footprint of the equity and corporate portfolio was calculated for the first time in 2020 in Belgium and UK. A further roll out to the activities in Portugal and France is foreseen for 2021.

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. For assets that are outsourced to third party asset managers, signatories of the UN Principles of Responsible Investment or with an own ESG policy based on similar principles are privileged. For infrastructure investments, the Equator principles are embedded in the analysis.

With respect to the consolidated entities, Ageas has a set of exclusion criteria in place with respect to among others 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 producers of weapons. These exclusion rules apply to all investments, except for historical bond positions which are allowed to mature.

Specifically with respect to the environmental aspects the following principles have been embedded in the decision making:

- Integration of environmental factors such as mining and electricity generation. All positions have been sold in end 2018 / early 2019. Only bond positions in our proprietary portfolio are allowed to mature for cash flow matching purposes. The ultimate objective is to be fully divested by 2030;
- Additional restrictive criteria for investments in conventional and unconventional energy sectors specifically for investment products with a sustainability focus.

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.

In the context of the implementation of the UN PRI and TCFD, AG has made progress with an engagement policy towards invested companies. AG intends to better understand and improve the ESG profile of the companies in which it invests in order to reach its long-term investment objectives. It sets the ambition to influence companies' behaviour aiming to favour good business practices in terms of ESG and to tackle environmental issues such as climate change.
To this end, AG joined in 2020 the Climate Action 100+. This is an initiative uniting investors to urge the world's largest GHG emitters to take necessary action on climate change and help to achieve Paris Agreement's goals.

AG also intends to use its voting rights concerning these matters to maximise its impact on the transition to a low carbon economy. More precisely, Ageas will always exercise its shareholder rights when it holds at least 1% of a company's equity capital. For holdings representing less than 1%, it will consider voting on a case-by-case basis. As mentioned above, voting relates exclusively to assets held in Belgium, in the other consolidated entities the focus is more on a wider engagement strategy.

Investing in innovative and sustainable assets

Ageas provides long term funding to the real economy including infrastructure projects and to stimulate real climate transition, especially via its activities in Belgium.

In practice this works via two dimensions:

- Sustainable investments: this refers to the way the funds allocated by Ageas's customers are invested in assets which have a positive impact for the society such as infrastructure, social loans, green bonds, etc.;
- Sustainable products:
  - Savings and investment product with recognized external certification such as the Towards Sustainability label[2];
  - Thematic investment products with a focus on climate change.

The summary table at the end of this chapter provides a number of data with respect to the aforementioned investment rules.

Over the last year, Ageas has continued to grow its investments in sustainable projects. Ageas has invested more than EUR 440 million in the social housing sector mainly in France and more than EUR 140 million in 3 renewable energy projects in Belgium (offshore windpark) and in Spain (solar energy). In 2020 a total of around EUR 840 million, compared to EUR 600 million in 2019 has been invested in new sustainable projects with a breakdown by category as follows:

2020 New Sustainable Investments	Assets (in EUR million)	%
Green bonds	50	6%
Infrastructure and other investments in renewable energy	156	19%
Infrastructure in "green" mobility	14	2%
Infrastructure in other sectors (including education, health, data technology, etc)	104	12%
Social Housing Loans	439	52%
Social and sustainable bonds and loans	76	9%
Total	**839**	**100%**

An amplification of the sustainable principles in AG Real Estate

AG Real Estate, the leading private real estate investor in Belgium and fully owned by AG, 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.

Concerned about the environmental impact that AG Real Estate operates through its various activities, the Management Committee of AG Real Estate has decided in the course of 2020 to create a "CSR Committee" (CSR = Corporate Social Responsibility). This committee is responsible for implementing AG Real Estate's sustainability policy and supervising the actions of all teams. The mission of the CSR Committee will be to improve AG Real Estate's progress towards full adherence to the UN SDGs, in line with the strategy of Ageas.

AG Real Estate's sustainability strategy aims to be fully embedded in the entire organisation and relies on five pillars, illustrated with examples of ongoing initiatives:

Governance

Measures that illustrate our determination to extend the adoption of a code of business conduct through exchanges and active participation in order to:

- Prevent conflicts of interest by means of effective measures;
- Adopt an ethical behavior and bolster transparency in governance;
- Share knowledge by being active in professional organizations of the sector.

2 Towards Sustainability certification is awarded for a period of one year and is reviewed every year. For B23 structured funds, certification is awarded for the duration of the fund. Towards Sustainability is a quality standard under the supervision of the Central Labelling Agency of the Belgian SRI Label (CLA). This standard sets a number of minimum requirements that sustainable financial products must meet, both at the portfolio level and in the investment process. More information about the certification can be found on www.towardssustainability.be/en/quality-standard. Earning this certification does not mean that this financial product meets your own sustainability objectives or that the certification fulfils the requirements of future national or EU regulations. You can find more information on this subject at www.fsma.be/fr/finance-durable (in French).

Stakeholder of the City

A set of actions intended to anticipate the new urban needs and to establish effective communication with the public partners and stakeholders.

- Dialogue and cooperative procedures with the institutions and all counterparts;
- Facilitation and citizen participation in plans for the development of the City;
- Redevelopment of our buildings by analysing how suitable their initial function is for the current environment.

UP4North (city of Brussels)

How to turn the monofunctional Brussels North District into a lively and inclusive part of Brussels? During the past three 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 office 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 so far. A critical reflection took place on what could work and what not. The project is an example of a collaboration between private, public and civil partners, all driven by an ambition to come up with a future-proof and durable vision for this important and scenic part of Brussels.

Social commitment and sponsorship

AG Real Estate deploys a significant range of solidarity and support actions for the social fabric by getting involved in socio-cultural events.

- Solidarity actions to support the homeless and the neediest segments of society;
- Initiatives in favor of inclusion and equal opportunities (development of the non-profit association Up4North asbl);
- Establishment of a sponsoring policy to support youth and vulnerable people.

Sanitary Crisis – Tenants Support

Faced with a global crisis, AG Real Estate wanted to support its Retail-clients and, by extension, the local economy by taking strong action towards them. During the two lockdowns, AG Real Estate offered full free rent for its customers in Food&Beverage and partial (50%) free rent for its customers who were unable to open their shops. A staggering of the payment of the 50% due was put in place in order to allow everyone to recover cash and ensure the continuity of their business activities

Environment & Client

These initiatives relate to our core business and involve all our teams to reshape the City of Tomorrow in a positive manner while having the interests of our clients and partners at heart.

- Analysis and development of assets thanks to technical alterations (new boilers, solar panels, etc.);
- Health and well-being of the occupants through practical and collective services (custodial service, Commuty…);
- Energy performance monitoring (EPB conformity) and consumption optimization (Optiwatt platform);
- Development of environmental provisions for the occupants (WeCircular, Commuty…);
- Waste management by selective sorting means;
- Supply chains and partnership with suppliers of goods and providers of services in line with our environmental protection ambitions

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%.

Team

As a company with Investors In People certification, because the future is at stake now and it has to come from the inside, AG Real Estate strives to carry out awareness raising and support campaigns in the company.

- Proposals for training to help employees develop their potential;
- Sharing knowledge through the implementation of a mentoring programme;
- Sustainable mobility of teams facilitated by internal tools (Mobility policy…);
- Promote measures to improve private and work life (teleworking, Cafeteria Plan, healthcare, etc.);
- Encourage the teams to participate in social and environmental initiatives (Operation Thermos, donation of blood).

Flex Income Plan

AG Real Estate launched a Flex Income Plan for its employees, offering the possibility to transform the gross year-end bonus into extra-legal benefits. This allows employees to improve their well-being by selecting benefits of all kinds depending on their personal situation. A special package is dedicated to the use of soft mobility: purchase of a bicycle, a train pass, a public transport pass or other alternative means of transport. In addition to this catalogue, a mobility plan has also been set up to encourage employees to change their behavior when changing company's car (downgrading the category or replacing the car with an aid for financing a home loan or a rent).

Ageas 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 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 CO_2 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.

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 2020, representing around 700,000 m² and allowing more than 130,000 students in Belgium, specifically in the Flanders region, to go to school in state-of-the-art buildings and hence contribute to the realisation of SDG 9. AG RE currently participates to a second recently launched PPP-program by the Flemish government for an extra 42 schools. Based on available data, the new constructions result in gas and water savings of 60% and more compared to older buildings. For electricity savings are around 20%, because of the integration of new technologies offsetting part of the savings.

e. Public parking management

Interparking operates 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.

Obviously 2020 was also challenging for Interparking marked by the severe impact of the COVID-19 pandemic which had a significant impact on the operations (see below). Several initiatives were taken to contribute to solutions for the pandemic while Interparking also took the opportunity to accelerate the installation of contactless solutions in their parkings.

In 2018 Interparking contracted with BNB Paribas Fortis and as first public parking operator a green credit line, whose payment conditions are determined by the achievement of two environmental commitments:

- Reduce the carbon footprint of the company by 30% in terms of tCO2/FTE compared with 2014;
- Reduce the energy consumption by 20% expressed in kWh/parking space compared with 2014.

Interparking successfully achieved these two targets in 2020 (carbon footprint based on the 2019 data). On the second objective, it actually exceeded the objective thanks to an ambitious LED deployment plan, as well as the implementation of lighting control systems (dimming, motion detector systems,…).

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, has continued in 2020 albeit at a lower pace due to the COVID-19 circumstances. Ultimately this should lead to a reduction of 50 to 70% of fine and ultrafine dust. New installations in several car parks in France and Belgium have been planned in the course of 2021.

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

Lastly, Interparking has continued in 2020 to roll out dedicated zones for electrical vehicles in its car parks, including more than 750 charging stations as well as for shared vehicles where it further developed partnerships with the main car share companies.

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

Insurance products and services with a stronger focus on societal challenges

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 support a full embracement and implementation within the organisation.

Chapter 3.2 includes various examples of insurance products across the regions in which Ageas is active whereby the company seeks to combine its insurance expertise with a view on the needs of all layers of society especially around themes like health, ageing, wellbeing or the wider prevention against any type of adverse events. This way of thinking also stimulates product innovation and leads to an even stronger embedding of sustainability within product development at Ageas. Ageas is also experimenting with new methodologies of impact measurement in order to obtain a clearer view on the societal value creation of its insurance and investing activities on top of the regular financial benefits for its stakeholders.

A stronger focus on environment friendly operations and sustainable operational behaviour

Ageas continued its CO2 emission measurement calculating both the 2019 and 2020 data. The scope of the measurement has remained unchanged, based on international GHG protocol and including scope 1, scope 2 and part of scope 3 sources of emission. It includes all consolidated entities: the corporate headquarters in Brussels plus the regional office in Hongkong and the subsidiaries AG Real Estate and Interparking.

The calculations for 2019 resulted in an almost stable level of CO2 emission of nearly 30,000 tons CO2e. 2020 presents a significant reduction which is largely related to the exceptional circumstances due to COVID-19: less travelling, use of the office buildings and commuting resulted in a total emission level of 16,664 tons CO2e.

More details on the calculation are available in the summary table at the end of this chapter. The most important contributors to Ageas's carbon footprint are in scope 1 car fleet (45%) and in scope 3 commuting (29%); due to the exceptional situation in 2020 business travel significantly dropped and now only represents 3% (compared to 14% in 2019). 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.

In order to structurally reduce its CO2 emissions, Ageas took a number of initiatives that will result in a lower emission groupwide and making of 2020 a pivotal year of change. The main initiatives are:

- A progressive review of the lease car policies across the Group aiming at promoting hybrid and electrical cars for its employees;
- An adapted organizational and working environment named 'Future of Work" and actively stimulating or allowing to work more of the regular working hours from home; please do note that the CO2e calculation takes into account the effect of the emission of an home office;
- A reviewed travel policy which aims to reduce structurally travel. This implies as an example that Ageas representatives in the local Boards of our Asian joint ventures will assist one on two local Board meetings virtually.

Since 2015 Interparking has a CO2 neutral label via e.g. the support of the Gold Standard Wanrou project in Benin aiming at distributing improved cookstoves to households in rural villages in the North of the country while AG also obtained its CO2 neutral label in 2018.

The ambition for 2021 is to roll out the aforementioned measures taken at Group level to reduce structurally CO2 emission across all operating entities and to reflect upon any other type of additional measures. The environmental commitment of Ageas is currently included in the Code of Conduct. The Responsible Investment Framework and the environmental policy at the level of AG Real Estate cover the most significant group activities with an environmental component. Ageas's attention is to publish an overarching environmental policy at the latest by the end of 2021.

Furthermore Ageas not only focuses on a more environment friendly management of its operations but aims to manage the organization in a socially responsible way. This amongst others also implies that Ageas takes up his role as a responsible tax payer with adequate processes and controls to enable all tax liabilities to be accurately calculated and all taxes due to be timely paid. As such, Ageas respects all international and national tax legislation in all countries in which it operates. Ageas does not engage in artificial structures that have no commercial substance and are intended solely for tax avoidance. With this engagement Ageas takes up its responsibility towards the local communities as an employer and a local stakeholder with an aim to fundamentally support the local economies and its citizens. Hence, it reports in a transparent way all corporate taxes for the consolidated entities.

Philanthropy initiatives

The aforementioned adoption of the UN Sustainable Development Goals (SDG) framework is also taking place via numerous other initiatives via which Ageas shows its engagement and commitment to society.

In the context of the exceptional year 2020 and the COVID-19 pandemic situation which caused very specific societal problems, Ageas took several initiatives to help managing the situation focusing on specific local needs and as such also bringing to life its baseline "Supporter of your Life". In total EUR 6.6 million went into philanthropic initiatives that received support from Ageas, of which nearly EUR 4.3 million relates to COVID-19 specific initiatives.

Hereafter a short summary of the main COVID-19 related initiatives by region:

In Belgium, specific initiatives were taken by the respective entities AG, AG Real Estate, Interparking and Ageas itself. Ageas and AG joint forces to financially support the University of Louvain for research to develop a vaccine and treatment against COVID-19. Ageas also offered in the midst of the first wave of the pandemic hygienic masks to hospitals in heavily touched regions in Italy and Spain.

AG contribution mainly related to extra coverage with respect to the regular insurance policies as well as donations of tablets and laptops, initiatives to support the local economy and campaigns to fight against loneliness and inspire to move. Lastly the company also made financial donations to support the medical research and COVID-19 testing in Belgium.

AG Real Estate reduced the rent paid for retailers while Interparking put public parkings at disposal of medical staff and security personnel but also continued to finetune its technological innovations in the public parkings (e.g. contact free payments) which also proved their benefit in the context of fighting against COVID-19.

In Portugal a multitude of initiatives and projects have been supported, most of them focused on providing help and assistance for all direct and indirect consequences of COVID-19. Via the local Ageas foundation, specific initiatives were taken towards local youth and providing them the digital tools to enable less favoured youth remote learning. A specific mention goes to the Portuguese employees that were invited to produce homemade masks. In total more than 10,000 masks were produced. In partnership with the Portuguese Red Cross Ageas Seguros and Médis offered in 7 regions COVID-19 tests through mobile posts: almost 30,000 people were tested over the last 3 months of 2020 and around 500 health professionals were involved. For Médis customers, testing was free of charge.

In the UK, various supporting actions were first of all focused on customers, especially those working for the National Health Service as well as vulnerable customers. Towards the wider society, various donations were given to organisations via Ageas's support for the Association of British Insurer's COVID-19 Fund, as well as supporting local community initiatives and funding medical research for the treatment of COVID-19.

In Asia the focus in all countries lies on extended insurance coverage and the donation of medical equipment and masks both in Asia but also in Europe.

On top of the specific COVID-19 related initiatives, Ageas continued in 2020 to show its engagement towards society with various initiatives. Below some of the most speaking initiatives:

In Belgium, Interparking also continues to support WeGoSTEM which fights the gender gap, especially in STEM professions, among others by deliberately going to primary schools and as such contributes to realisation of the SDG 4 and SDG 5 objectives.

Ageas UK, living up to the value "care", has partnered with the Road Safety Foundation since 2012 to campaign for safer roads that reduce the number of deaths and serious injuries. 2020 saw the Road Safety Foundation launch its 20th annual report "Looking back, Moving Forward", identifying Britain's significantly improved and persistently high risk roads. It identified an investment package of GBP 1.2 billion which would improve more than 5,000 km of roads and prevent more than 8,000 fatal and serious injuries over the next 20 years. This would boost the UK's economic recovery and protect the National Health Service by saving almost GBP 4.4 billion over the same period.

Ageas UK has 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 'Green parts' programme moved from pilot to launch allowing repairers to offer customers the choice of recycled/refurbished auto parts instead of brand new parts where possible. 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. With its Green Parts initiative, Ageas UK was awarded the 'Claims Initiative of the Year' at the annual British Insurance Awards. In the same context Ageas UK sponsors the Institute of Customer research on customer expectations in relation to the green agenda with the aim of provided insight to inform, inspire and help create a sustainable future for organisations, customers and the communities we serve. Both initiatives intend to help the customers to reduce their environmental impact and as such contributing to SDGs 11 and 13.

In Portugal, Ageas continues consolidating its presence and branding, today with a total of 11 local brands, in insurance and beyond insurance, namely as a partner to many local associations and organizations 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 the Marvão International Music Festival 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.

On building up a more informed and conscient society, Grupo Ageas Portugal invests in promoting the financial literacy, from youngster to adults, through several initiatives, namely through 2 main projects:

- In collaboration with Mentes Empreendedoras, organizes a contest for schools targeting students between 11 to 15 years old, to foster the understanding and need for savings habits. This initiative 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;
- In addition, to reach the overall society but also customers, literacy programs are released, namely "Play safe" – Jogar p'lo Seguro –, that consisted in a series of live radio transmissions, with experts from Ageas explaining the different type of insurance and coverages…. All done in a simple and clear language. This initiative will continue in 2021.

With Ageas Foundation, Ageas in Portugal gives support to a strong social development and support plan with 3 dimensions: entrepreneurship and social innovation, corporate volunteering and social sustainable impact. One of the important projects in 2020, in addition of being a partner of Junior Achievement Europe annual competition, Ageas Foundation offered one of the signature awards - the Ageas Foundation Social Innovation Award. In 2020 the Foundation also partnered with Nova School of Business and Economics in Lisbon in Impact Experience, a capacity building program for six social organizations, that were mentored by Ageas Portugal employees.

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

In Asia, the initiatives towards the society have expanded significantly and covered mainly the goals of SDG1, SDG 3 and SDG 4.

Taiping Life has contributed on poverty alleviation through supporting economic activities and improvement of skills set of residents at impoverished counties in Inner China through buying of local cultivated products as well as providing and financing dedicated training sessions for specific groups of workers.

In India, IDBI Federal Life Insurance has continued its efforts to actively encourage people to lead a healthy and fit life. Due to COVID-19, on-ground marathons could not be held and were replaced by virtual coaching. Series of virtual marathons reached out in total close to 45,000 people. In the Philippines, Troo participated for the second year in “Passionately Pink”, a campaign promoting breast cancer awareness, supported by Troo’s partner Filinvest.

Troo also organized online interactive workshops for Filipino teachers to share its best practices in design thinking and help teachers to become more effective and creative with a virtual setting. The initiative kicked off in the Metro Manila region and is being rolled out to the wider Philippine area.

Measuring the effectiveness of our pledges to society

The tables hereafter provide all relevant non-financial information as commented above with comparable data as per 31 December 2020 and 2019:

Responsible investments *(in EUR mio)*	2020	2019
Total assets under management	97,085	94,105
Internally managed assets - Percentage of new investments subject to ESG analysis	Above 95%	Above 95%
Externally managed assets - Percentage of externally managed assets that are managed by PRI signatory	90%	90%
Percentage of new investments in coal (*), tobacco (*), arms (**)	0%	0%
Sustainable investments with a positive impact	6,623	5,635
Environment		
- Green bonds	340	291
- Infrastructure and other investments in renewable energy (including solar panels, winds farms)	420	303
- Infrastructure in "green" mobility (including train, metro, tramways, etc)	457	331
Social and sustainable		
- Infrastructure in other sectors (including education, health, data technology, etc)	1,203	1,160
- Social housing loans	3,864	3,281
- Social and sustainable bonds and loans	339	269

(*) revenue threshold 25% in traditional funds and 10% in sustainable funds
(**) revenue threshold of 10% in traditional and sustainable funds

Sustainable solutions (pension, long term saving and investment insurance products)	11,194	5,469
- Products with external sustainable certification (including Towards Sustainability label)	10,693	4,955
- Products without external sustainable certification (including ESG thematic funds)	501	514

Philanthropy - Community investment (*in EUR mio*)	2020	2019
Cash donations	6.6	1.7

Income tax by segment (*in EUR mio*)	2020	2019
ageas SA/NV	19	12
Belgium	143	184
UK	5	14
CEU	66	44
Total corporate income tax charge	**233**	**254**

Carbon footprint in tCO2e		2020		2019	
Scope		Net total (t CO2e)	Relative share	Net total (t CO2e)	Relative share
Scope 1	Direct energy – gaz & heavy fuels	1,810	11%	2,394	8%
	Refrigerants	509	3%	531	2%
	Owned vehicles	7,474	45%	9,850	33%
	Total scope 1	**9,793**	**59%**	**12,775**	**42%**
Scope 2	Electricity – net	1,180	7%	2,575	9%
	Total scope 2	**1,180**	**7%**	**2,575**	**9%**
Scope 3	Home – work commuting	4,881	29%	10,167	34%
	Business travel	553	3%	4,333	14%
	Paper	181	1%	265	1%
	Waste	76	0%	168	1%
	Total scope 3	**5,691**	**34%**	**14,933**	**49%**
TOTAL tonnes CO2e gross		**16,664**		**30,283**	
Carbon offsetting (AG and Interparking)		*		10,272	
TOTAL tonnes CO2e net		**16,664**		**20,011**	
Tonnes CO2e per FTE		1.6		2.8	

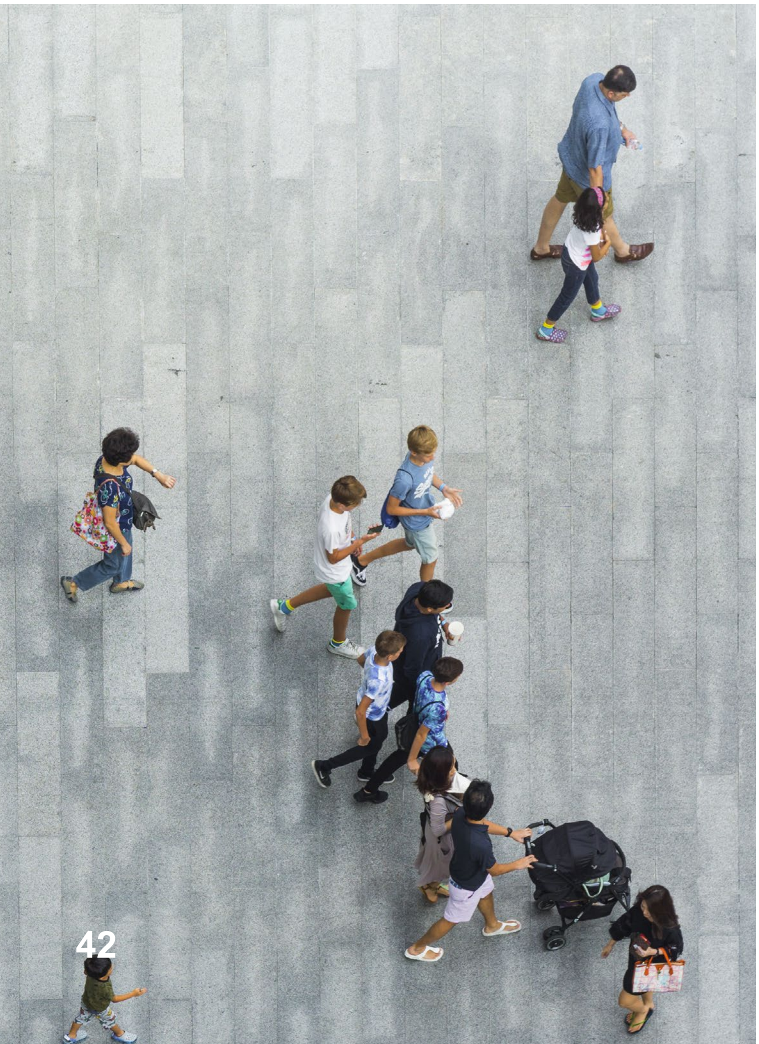
* *to be determined based on signing of offsetting agreements*

Electricity in detail (tCO2e)	2020	2019
Electricity - gross	5,005	6,581
CO2e avoided by green electricity	3,825	4,006
Electricity - net	**1,180**	**2,575**

3.6
Our stakeholder effectiveness supported by a comprehensive set of policies

Material topics covered related to all stakeholders

- Responsible governance



Integrity, the Touchstone of Ethics.

Integrity is the leading premise underpinning the principles of respect for human rights, 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.

Through its consistent policy framework, integrating this philosophy of ethics and translating it into a series of requirements, standards and procedures, Ageas implements these principles in all the policies.

The global policy framework comprises Compliance policies but also a range of subject-specific policies owned and managed by the relevant departments, mainly Risk, Legal, Investor Relations, Human Resources, Actuarial function and Internal Audit. The global framework is monitored on a continuous basis, following a well-structured governance and role definition. All policies are due to be reviewed and formally reapproved by the Board of Directors at least every three years and as often as there is a triggering element for revision, for instance, a significant change of legislation. The (re)approval process is described and comprises a series of defined technical stages and involves specific advisory and decision bodies. 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 while taking into account the regulatory environment in which it operates.

Another touchstone of Ageas's integrity is formed by the Ageas Corporate Governance Charter and the Ageas Code of Conduct, which both enunciate ethical precepts and pledges supporting Ageas's commitment towards its stakeholders.

This coherent set of governance elements is the fulcrum for the tone from the top to establish the right Conduct and the appropriate Culture, the two indivisible constituents of Integrity.

The Ageas Code of Conduct, the Integrity policy and the Treating Customers Fairly (TCF) policy are essentially principle-based and enunciate the elements of ethics that must permeate all policies, procedures, standards and behaviour in the Ageas group. They include a statement that Ageas is committed to respecting the human rights and dignity, a pre-requisite to the principle of zero-tolerance towards unethical behaviours and practices.

Fighting against corruption in all its forms, at all levels, is part and parcel of this vision.

Fighting against corruption

A series of thematic policies are of direct relevance in the fight against corruption: they integrate these ethical, conduct and culture values, and provide for a series of processes that jointly form a beam of protective, detective and monitoring requirements towards the prevention of criminal activities.

- The Anti-Bribery and Corruption policy 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 Conflict of Interest Policy focuses on the duty of vigilance of all staff towards potential or effective conflicting interests and their consequences on the effective achievement of the company's objectives, establishes a reporting process of such situations, and provides the rules and restrictions applicable to external mandates and functions, as well as financial participations in businesses or trading companies;
- The Personal Transactions Policy (Trading) defines the rules, obligations and prohibitions Ageas Insiders must comply with when operating personal financial transactions in Ageas and other designated securities, conform with the market abuse regulations;
- The Anti-Money Laundering policy, defines the preventive measures to implement as well as the due diligence requirements as regards anti-money laundering and terrorist financing prevention;
- The Outsourcing policy, comprises rules on third party acceptance, conflicts of interest and due diligence requirements;
- The Sanctions policy, defines the standards to apply regarding customer and providers acceptance, in investments and mergers & acquisitions, based on the international restrictions, imperative sanctions and black-lists, and restrictive measures recommended by international organisations. It also lists specific attention points leading to enhanced due diligence procedures;
- The Suitability (Fit and Proper) policy establishes the framework and set of rules to apply to ensure permanent conformity with the Suitability obligations.

Preventing conflicts of interest

Fighting against corruption requires a strong preventive framework with a clear emphasis on conflicts of interest, encompassing protective measures, capture, settling, follow-up and reporting of potential and effective 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; conflicts of interest may involve and/or lead to corruption.

Ageas is recorded in the EU Transparency Register with the purpose to benefit from some of the practical advantages linked to it, i.e. receiving email notifications on the activities of Parliament's Committees; and being notified about consultations and roadmaps in specific areas.

Ageas has also put in place a conflict of interest register, where identified conflicts of interest are recorded, as well as their handling and outcome.

Human rights

As stated in the fundamental text of the Ageas Integrity Policy, the concept of integrity relates primarily to individuals, to human beings and their sense of ethics. It implies to be honest, respectful and trustworthy and behave accordingly. These principles should also apply to all human constructions, to all the components of the human society.

The respect for human rights by Ageas is a key underlying element of the global policy framework. It manifests itself concretely in a series of domains, and among other, Ageas's Commitment towards Human & Labour rights and the statement of the related Guiding Principles. But also in the Ageas Sanctions Policy according to which Ageas submits its customers, providers and investment acceptance to the respect of the restrictions, prohibitions, standards and recommendations issued by internationally recognised organisations, in the field of corruption, money laundering, terrorist financing, controversial weapons, and any unacceptable activity and practices. Other areas also foster a tangible expression of the concern for human rights, such as the Suitability framework that outlines the rules and standards designed to ensure that bodies and individuals entrusted with managerial duties are at all times fit and proper.

The whistleblowing framework has all its relevance in this respect as it constitutes a guarantee that any act or practice that would or could alter the full respect for human rights can be reported safely, through a protected procedure.

Whistleblowing

The whistleblowing framework established by Ageas is designed to capture situations or circumstances that may have adverse consequences and involve corruption.

From an internal perspective, the purpose of the Compliance Incident Reporting Policy (a.k.a. the Internal Alert System) is to provide a process to report wrongful situations or incidents that have or could have serious adverse consequences for the financial standing, performance and/or reputation of Ageas.

There may be occasions when an employee has genuine concerns about such a wrongful situation. This process allows to escalate such concerns swiftly to the appropriate instance for investigation and resolution, in confidence and without fear of reprisal.

External reporting of incidents falls under the Complaints Handling policy scope, which deals with complaints formulated by customers, policyholders, shareholders, suppliers and other external parties.

The Complaints Policy and related rules stem from Ageas's commitment to ensure that all its stakeholders are treated fairly. This is translated into the company's duty to inform policyholders and other stakeholders about the arrangements in place for lodging complaints, as well as the process for handling them.

The key role of the Compliance Function

As owner of most of the policies of direct importance in the fight against corruption, the Compliance Function plays a determining role in their group-wide deployment. The Compliance Community transversally comprising all Compliance Departments of the Ageas group is *par excellence* the transmission belt to establish and maintain consistency of principles and approaches in all entities. Monitoring and reporting activities carried out by the Compliance Officers in the group entities and consolidated by the Group Director Compliance up to the Executive Committee and the Board of Directors provide a continuous overview of the actual situation in the whole group.

Due Diligence and Controls

Deriving from the policy principles and procedures, a series of controls are globally in place. Controls are described, assigned and documented.

- Customers, stakeholders, suppliers and any other third parties are subject to proportionate and relevant due diligence, in terms of identification, absence of conflict of interest, AML/CTF[3] requirements, FATCA[4] and CRS[5] status;
- Contracts with suppliers, vendors and consultants are subject to a compulsory and formalised sign-off procedure, prior to their signing, executed by the Legal department;
- In accounting, all third parties, suppliers and vendors, are identified and followed-up against a series of identification criteria. Any expense must be evidenced. Expense acceptance and payment follow a two-tier procedure with double signature;
- Remunerations and inducements to and from distributors of products are subject to monitoring;
- A Suitability Framework is in place and provides processes to ensure that the Fit and Proper status of the designated concerned persons is at all times flawless.

3 *Anti-Money Laundering and Counter-Terrorist Financing*
4 *Foreign Account Tax Compliance Act (US tax law)*
5 *Common Reporting Standard (OECD)*

In the fields of Investments and Mergers & Acquisitions, policies and procedures integrate these controls as appropriate but also define further advanced and far-reaching due diligence requirements.

Besides these control processes, notification duties apply to all Ageas staff. In the practice, all staff members are informed as from the start of their employment of their obligation to abide by the policies and take the necessary initiatives to fill their notification duties, along the criteria described in the corresponding policies. In case of issue revealed further to a notification, a decision is made by the appropriate instance and communicated to the notifier. This decision is binding. For example, a gift that does not meet the acceptability criteria has to be returned to the sender, or an external mandate that would not be compatible with the function at Ageas has to be declined.

Notifications to be made to the Compliance department concern:
- Gifts, advantages, invitations, hospitalities, whether given or received;
- External mandates or functions;
- Financial participation in a business or a trade;
- Personal transactions in Ageas securities and/or other restricted securities designated by Compliance.

Notifications to be made to the Legal department concern:
- Memberships to trade and professional associations;
- Potential and effective conflicts of interest.

Training and awareness

As part of its Year Plan, the Compliance function sets up a wide and continuous training programme for employees and management.

All Compliance training sessions are mandatory and participation to these sessions is followed up as part of the reporting towards the managing bodies. The objective is to reach 100% of the target audience, with exception duly justified and reported.

Group-wide, the programme is tailored to meet the training needs as adequately as possible. Hence, in the holding company as well as in the subsidiaries, there are training initiatives about a consistent series of topics: ethics and deontology, governance and policies, conflicts of interest, corruption, prevention of criminal activities, anti-money laundering and countering terrorist financing, treating customer fairly and product approval process, third party transactions.

Training sessions involve the relevant audience in terms of contents, frequency and timing, and the target audience can range from a selection of employees based on their specific needs or areas of work, to all employees at any level.

In each entity, there is a welcome programme for new employees, who must attend an inception meeting shortly upon arrival, where the compliance obligations are presented and explained, with an explicit focus on employees’ obligations as regards governance and policies, how to deal with personal transactions, gifts and advantages, external mandates or functions, and complemented with a series of topics such as the whistleblowing framework, the suitability framework, general rules on competition, confidentiality, asset and data protection. On a regular basis, awareness initiatives are launched with a view to maintaining and updating employees’ knowledge over time on compliance subjects and obligations. They are organised as compulsory on-line quizzes towards all staff members.

The training programme is under constant scrutiny to keep it fit to the effective needs and upgrade it as necessary. Weaker areas are spotted so that the programme can be adjusted accordingly.

Compliance's initiatives to secure its capacity and efficiency in the rapid evolving environment

The Compliance function is keen to remain fully connected to the current and expected major trends at work, to keep its qualitative capacity to carry out its missions as the guardian of ethics and bulwark against corruption. The context of new technologies, new ways of doing business and possible disruptive trends may create new conditions under or beyond the traditional compliance radar, hence the crucial importance of continuously challenging the compliance approach and way of working.

To this end, brainstorming and knowledge sharing sessions involving the Compliance Community are being organised around dominant topics. In 2018, the focus was on Transparency through the End-to-End Customer Journey. In 2019, activities were about The (Compliance) Impact of Cognitive Systems on the Customer Relationship. In 2020 and 2021, efforts are dedicated to Going to the Next Level of Compliance and establishing a Compliance 2.0 function by reinforcing its pillars and boosting its capacity to face the future with an even stronger foundation. The focus is placed on the two complementary and indivisible concepts of Conduct and Culture, and the development of a monitoring and measurement programme of their embedment.

Measuring the effectiveness of our approach

At the Compliance department:

- A quarterly follow-up of the notifications is included in the Compliance Year Plan. A qualitative analysis is performed;
- A yearly compliance questionnaire is sent to all staff at year-end to (re)confirm the notifications executed in the elapsed year and the information is reconciled with the quarterly follow-up. On average, only 7% of answers require further analysis to prevent or/and settle a possible issue.

All monitoring and control activities carried out by Compliance are reported to the Executive Committee and the Board of Directors, via the Audit Committee. This reporting also mentions the number of cases of internal fraud on a group-wide basis. Over the last six months of 2020, 2 cases were identified and handled.

At the Legal department:

- On a yearly basis, a questionnaire is sent to all staff to collect or confirm information on memberships and on the occurrence or involvement in potential or effective conflicts of interest, and the settlement modalities;
- The response rate to the questionnaire exceeded 95% in 2020.

Participation rates to training sessions	2020
Inception meetings	100%
Awareness on-line quizzes	90%
Thematic sessions, with a representative of each department entrusted with the task to cascade the training content in the represented department	90%

4 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

On 31 December 2020, the Board of Directors was composed of fifteen members, namely: Bart De Smet (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, Hans De Cuyper (CEO), Christophe Boizard (CFO), Emmanuel Van Grimbergen (CRO), Filip Coremans (MDA), Antonio Cano (MDE).

Jozef De Mey resigned from his mandate as per 22 October 2020. Bart De Smet succeeded to him as Chairman of the Board of Directors and Hans De Cuyper succeeded to Bart De Smet as CEO.

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 fifteen times in 2020. Attendance details can be found in section 4.5 Board of Directors.

In 2020, the Board 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 Meetings of Shareholders;
- The consolidated quarterly, semi-annual and annual financial statements;
- The 2019 Annual Report and mandatory reporting to the NBB (including the RSR, SFCR and SOGA reports);
- Press releases;
- The 2021 budget;
- Dividend, capital and solvency matters of the company;
- The Ageas's risk policy framework;
- The succession planning of the Board of Directors and of the Executive Management and the effective succession of the Chairman of the Board and the CEO;
- 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 independent control functions;
- Follow-up of legal proceedings and legacy issues;
- Various merger and acquisition files;
- Sustainability, including a materiality assessment.

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 Nomination and Corporate Governance Committee (NCGC)

The composition of the Nomination and Corporate Governance Committee changed in the course of 2020. Bart De Smet succeeded to Jozef De Mey and Jane Murphy succeeded to Lionel Perl. On 31 December 2020, the Nomination and Corporate Governance Committee comprised the following members: Bart De Smet (Chairman), Guy de Selliers de Moranville, Richard Jackson, Yvonne Lang Ketterer and Jane Murphy. The CEO attended the meetings, except during discussions relating to his own situation.

In 2020, the Nomination and Corporate Governance Committee met on nine occasions including one joint meeting with the Remuneration Committee.

The following matters were dealt with:

- The effective succession of the Chairman of the board and of the CEO;
- 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 Nomination and 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

On 31 December 2020, the Audit Committee comprised the following members: Richard Jackson (Chair), Jan Zegering Hadders and Sonali Chandmal.

Next to the Executive Committee members, the internal auditor, the Director of Compliance, the Head of Finance and the external auditors attended the meetings.

The Audit Committee met on six occasions in 2020 including one joint meeting with the Risk & Capital Committee. 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 control and accounting processes;
- Reviewing the compliance, 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 internal audit charter, the process for the assessment of the control functions and the status of the implementation of IFRS 17.

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 2020, the Remuneration Committee comprised the following members: Jane Murphy (Chair), Lionel Perl 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 nor benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

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

The Remuneration Committee met on four occasions including one joint meeting with the Nomination and Corporate Governance Committee.

In 2020, the Remuneration Committee discussed and submitted recommendations to the Board of Directors on:

- The compensation of the newly appointed CEO of Ageas, the newly appointed CEO of Ageas UK and the newly appointed CEO of AG Insurance;
- The end of terms conditions for the departing CEO of Ageas, the departing CEO of Ageas UK and the Chairman of Ageas;
- The benchmarking of the remuneration of Ageas Non-Executive Directors against current market practices;
- The benchmarking and review of the remuneration of the members of the Management and Executive Committee against current market practices;
- The new Remuneration Policy to be presented for validation to the General Meeting of Shareholders;
- 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 feedback on the shareholder's vote on the Remuneration Report;
- The share-linked incentive plan in favour of senior management.

In the joint meetings with the Nomination and 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 Chief Risk Officer; (see 4.7.6 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 the above assessments.

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)

On 31 December 2020, 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 seven 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 2020 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;
- Monitoring of the capital allocation and the solvency of the Ageas Group;
- Monitoring of the key risks and emerging risks; and
- Follow-up of the Covid-19 reporting to the NBB.

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 emerging risks, the internal audit charter, the process for the assessment of the control functions and the status of implementation of IFRS 17.

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 2020. Hans De Cuyper was appointed as Chief Executive Officer on 22 October 2020.

The allocation of responsibilities was also reviewed. As of 1 November 2020, Filip Coremans was appointed as Managing Director Asia (MD Asia) and Antonio Cano as Managing Director Europe (MD Europe).

The responsibilities of Christophe Boizard as Chief Financial Officer and Emmanuel Van Grimbergen as Chief Risk Officer within the Executive Committee remained unchanged.

At the end of 2020, the Executive Committee of Ageas was composed of:

- Hans De Cuyper, CEO, responsible for the Strategy, M&A, Audit, ESG matters, Human Resources, 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, MD Europe, responsible for monitoring of the performance of the business in Europe, for reinsurance and for property investments within the Group;
- Filip Coremans, MD Asia, responsible for the monitoring of the performance of the business in Asia and for Business & Technology Development within the Group.

At the end of 2020, the Management Committee was composed of:

- The five members of the Executive Committee;
- The heads of the four business segments: Heidi Delobelle, who succeeded to Hans De Cuyper as CEO AG Insurance (Belgium), Steven Braekeveldt, CEO Continental Europe, Ant Middle, who succeeded to Andy Watson as 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 2020.

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.

The 2020 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 2020 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 strategy;
- Apply the legally required minimum of 33% of the opposite gender in the Ageas Board.

As per 31 December 2020:

- 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 Belgian-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

Bart De Smet

- 1957 – Belgian – Male
- On 31 December 2020: Chairman of the Board of Directors and Chairman of the Nomination and Corporate Governance Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2021.

Hans De Cuyper
CEO

Bart De Smet
Chair | Chair CGC

Guy de Selliers de Moranville
Vice Chairman

Jan Zegering Hadders
Member

Lionel Perl
Member

Emmanuel Van Grimbergen
CRO

Richard Jackson
Chair AC

Jane Murphy
Chair RemCo

Lucrezia Reichlin
Member

Christophe Boizard
CFO

Filip Coremans
MD Asia

Yvonne Lang Ketterer
Chair RCC

Katleen Vandeweyer
Member

Sonali Chandmal
Member

Antonio Cano
MD Europe

Non-Executive Board Members

Guy de Selliers de Moranville

- 1952 – Belgian – Male
- On 31 December 2020, 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.

Richard Jackson

- 1956 – British – Independent – Male
- On 31 December 2020, 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 2024.

Jane Murphy

- 1967 – Belgian / Canadian – Independent – Female
- On 31 December 2020, Member of the Board of Directors, Chairwoman of the Remuneration Committee and Member of the Nomination and Corporate Governance Committee.
- First appointed in 2013. Term runs until Annual General Meeting of Shareholders in 2024.

Yvonne Lang Ketterer

- 1965 – Swiss – Independent – Female
- On 31 December 2020, 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 2024.

Lucrezia Reichlin

- 1954 – Italian – Independent – Female
- On 31 December 2020, 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 2024.

Sonali Chandmal

- 1968 – Belgian / Indian – Independent – Female
- On 31 December 2020, 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.

Katleen Vandeweyer

- 1969 – Belgian – Independent – Female
- On 31 December 2020, 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.

Jan Zegering Hadders

- 1946 – Dutch – Independent – Male
- On 31 December 2020, Member of the Board of Directors and 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 2020, Member of the Board of Directors and Member of the Remuneration Committee.
- First appointed in 2009. Term runs until Annual General Meeting of Shareholders in 2021.

Members of the Executive Committee

Executive Board Members

Hans De Cuyper | CEO

Hans De Cuyper
- 1969 – Belgian – Executive – Male
- Chief Executive Officer
- First appointed in 2020. Term as Board member runs until Annual General Meeting of Shareholders in 2024.

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 | MD Asia

Filip Coremans
- 1964 – Belgian – Executive – Male
- Managing Director Asia
- First appointed as Board member in 2015. Term as Board member runs until Annual General Meeting of Shareholders in 2023.

Antonio Cano | MD Europe

Antonio Cano
- 1963 – Dutch – Executive – Male
- Managing Director Europe
- First appointed as Board member in 2016. Term as Board member runs until Annual General Meeting of Shareholders in 2024.

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 Nomination 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
Antonio Cano	15	15 (100%)								
Bart De Smet	15	15 (100%)			9	8				
Christophe Boizard	15	15 (100%)								
Emmanuel Van Grimbergen	15	15 (100%)								
Filip Coremans	15	15 (100%)								
Guy de Selliers de Moranville	15	13 (87%)			9	8			7	7
Jan Zegering Hadders	15	15 (100%)	6	6						
Jane Murphy*****	15	15 (100%)			9	6	4	4		
Jozef De Mey***	13	9 (70%)			7	4				
Katleen Vandeweyer	15	13 (87%)					4	4		
Lionel Perl****	15	15 (100%)			9	3	4	3		
Lucrezia Reichlin	15	12 (80%)							7	7
Richard Jackson	15	15 (100%)	6	6	9	9				
Sonali Chandmal	15	15 (100%)	6	6						
Yvonne Lang Ketterer	15	15 (100%)			9	9			7	7
New Board member as per October 2020 (held meetings are since the General Meeting)										
Hans De Cuyper***	2	2 (100%)								

* *Including the joint meeting RCC / AC.*

** *Including the joint meetings RC / NCGC.*

*** *Mr De Mey resigned from the Board as per 22 October 2020 and Mr De Cuyper joined the Board as per 22 October 2020.*

**** *Mr Lionel Perl left the NCGC in June 2020.*

***** *Mrs Jane Murphy joined the NCGC in June 2020.*

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 2020 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 2020;
- 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 2020;
- 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 2020;
- 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 2020. 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 2020, 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 22 July 2022;

- 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 2020. By way of introduction, I would like to highlight some important events which marked 2020:

- The Covid-pandemic required that we closely monitor our remuneration practices. We maintained our KPI's and financial targets as set pre- crisis, thereby fully integrating the impact of Covid on our results.
- At the level of our management bodies we observed some important changes. At the General Meeting of Shareholders of 22 October, Bart De Smet was appointed as Chairman of the Board and Hans De Cuyper as his successor as CEO for Ageas. Also, at the level of our operating companies, Ant Middle was appointed as CEO of Ageas UK and Heidi Delobelle as CEO of AG Insurance.
- We clearly wanted to reflect the importance of all our stakeholders in the setting of our targets which include employee and customer Net Promotor Score (NPS) and progress on Environmental, Social and Governance (ESG) - related ratings.
- The EU – Shareholder Rights Directive 2017/828 was transposed in Belgian law in April 2020. We further updated our Remuneration Report in line with the disclosure requirements introduced by the law.

In this Remuneration Report we look back on 2020. We report on Ageas's performance and how it impacted Executive Remuneration.

The Remuneration Report includes a summary of our Board of Directors and Executive Management Remuneration Policy and provides a transparent disclosure of the remuneration of the Board of Directors and Executive management including variable and share-based remuneration.

I invite you to read this Remuneration Report together with chapter 6.3 Remuneration of the Board of Directors and Executive Committee Members of the annual report, which is an integral part of the Remuneration Report.

In this Remuneration Report you will find a confirmation of the objectives of our Remuneration Policy and an overview of the main topics that we discussed in the Remuneration Committee during 2020. As in the past we consistently implemented the policy regarding the remuneration of the Board of Directors and the Executive Committee.

We strongly value dialogue with and feedback from our shareholders. Following our shareholders' feedback, we included a more detailed view on the achievement of non-financial and financial KPI's and their impact on variable remuneration.

I look forward to presenting our Remuneration Report at the General Meeting of Shareholders on 19 May 2021.

Jane Murphy
Chair of the Remuneration Committee
30 March 2021

4.7.1 The Remuneration Committee

The Remuneration Committee consisted of Jane Murphy (Chair), Lionel Perl and Katleen Vandeweyer. Jane Murphy succeeded Lionel Perl as Chair of the Remuneration Committee following the General Meeting of Shareholders in May 2020. The committee held 5 meetings including two joint meetings with the Corporate Governance Committee during the year under review. The CEO, the CDO (until his appointment as MD Asia), 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, observe sound principles of risk management, 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 reward fairly and competitively ensuring the organisation's ability to attract, motivate and retain key talent in an international marketplace;
- to differentiate reward by performance and recognise sustained (over) achievement of performance against pre-agreed, objective goals at the corporate, operating company and individual level;
- to pursue long-term value creation and alignment with stakeholders' interests.

Sound risk management

The remuneration policy includes guidelines:

- to observe sound principles of corporate governance, of responsible business conduct and compliance with legal requirements;
- to obtain a remuneration practice that contributes to sound risk management and does not lead to risk-taking that exceeds the risk tolerance limits of Ageas.

Transparency

The Board of Directors will submit for approval to the General Meeting of Shareholders the yearly Remuneration Report, providing detailed insights into the work of the Remuneration Committee and the remuneration practice for the financial year in scope. The Board of Directors will submit the Remuneration Policy for approval to the General Meeting of Shareholders at any material update and at least every 4 years.

Compliance with existing and upcoming legislation

Ageas is closely monitoring existing and upcoming legislation and anticipates changes when appropriate. The Ageas Remuneration Policy and Remuneration Report are drafted taking into account, the Solvency II Directive, the EU Shareholder Rights' Directive II, its implementation in Belgian legislation, the Belgian Corporate Governance Code 2020 and the updated Circular NBB 2016_31 (on the expectations of the National Bank of Belgium regarding the governance system for the insurance and reinsurance sector).

4.7.3 What did we discuss in 2020?

In 2020 the Committee discussed and submitted recommendations to the Board of Directors on:

- The compensation of the newly appointed CEO of Ageas, the newly appointed CEO of Ageas UK and the newly appointed CEO of AG Insurance;
- The end of terms conditions for the departing CEO of Ageas, the departing CEO of Ageas UK and the departing Chairman of Ageas;
- The benchmarking of the remuneration of Ageas Non-Executive Directors against current market practices;
- The benchmarking and review of the remuneration of the members of the Management and Executive Committee against current market practices;
- The new Remuneration Policy to be presented for validation at the General Meeting of Shareholders;
- 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 feedback on the shareholder's vote on the Remuneration Report;
- 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 Chief Risk Officer; (see 4.7.6 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 the above assessments.

4.7.4 Policy implementation in 2020

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 amounts for 2020.

In line with principle 7.6 of the new Belgian Corporate Governance Code 2020, Non-Executive Board members will receive up to a maximum of 20% of their fixed remuneration in the form of Ageas shares. This principle will be applied as of any future increase of Board remuneration.

Jozef De Mey decided to step down as Chairman and Non-Executive Director with effect as of 22 October 2020. The Board of Directors requested that Jozef De Mey ensure a seamless transition in collaboration with the newly appointed Chairman, especially regarding the Asian joint ventures. The Board of Directors proposed that Jozef De Mey therefore be entitled to a transition fee of EUR 100,000. The General Meeting of Shareholders of 22 October 2020 validated this proposal with 87.83% of the shareholder votes.

Executive Committee

Executive Committee appointments

On 22 October 2020, the General Meeting of Shareholders appointed Hans De Cuyper as Chief Executive Officer of Ageas. Prior to this, Hans De Cuyper was CEO of AG Insurance for five years. In view of further strengthening the customer presence at Executive level, Filip Coremans, previously CDO was appointed Managing Director Asia and Antonio Cano, previously COO was appointed Managing Director Europe.

Changes in Executive Remuneration

Following the nomination of the new CEO, the Board of Directors proposed to position his base compensation within a range of EUR 650,000 to EUR 900,000 gross/year. Upon his appointment, his base compensation was set at EUR 650,000 per year with a STI on target of 50% and a LTI of 45%. The weight of the components to determine the STI was set at the following: Ageas business KPI's for (70%) and individual KPI's for (30%). The General Meeting of Shareholders of 22 October 2020 approved this proposal with 83.59% of the shareholder votes. The remuneration package is fully in line with the Remuneration Policy for the other Executive Committee Members.

Following the assessment of the competitive positioning of the remuneration of the Executive Management in the second half of 2020, it was proposed to align the base compensation of the CRO, Emmanuel Van Grimbergen to that of the other Executive Committee members and to position it at EUR 485,000 gross/year as of 1 January 2021. No other changes to Executive Remuneration were proposed.

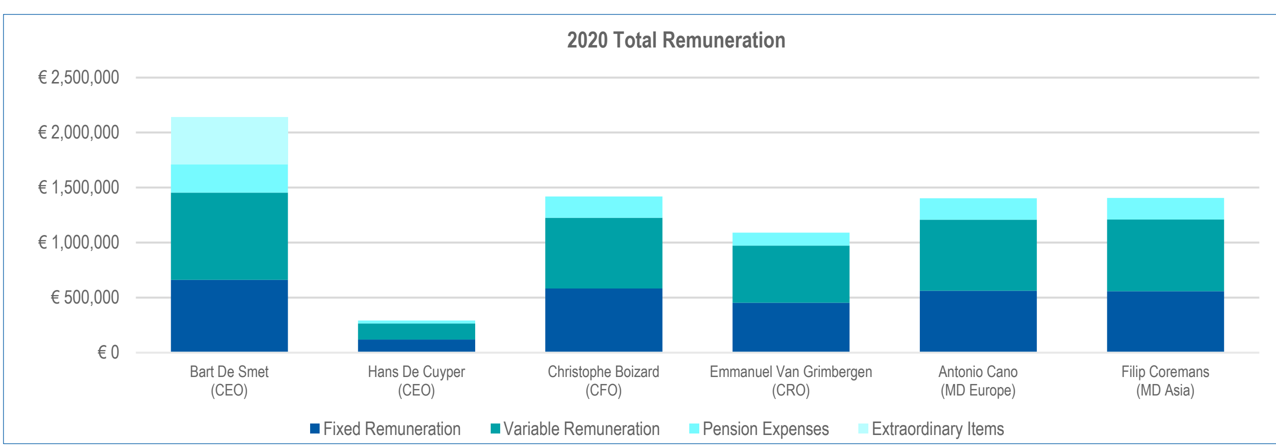
4.7.5 Total and Share based Remuneration

Board of Directors

Total remuneration of Non-Executive Board Members amounted to EUR 1.77 million in the 2020 financial year (2019: EUR 1.56 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. For detailed individual information on Board Remuneration we refer to 6.3.1 of the annual report.

Executive Remuneration

In 2020, the total remuneration including pension contributions and fringe benefits of the Executive Committee amounted to EUR 7,749,540 compared to EUR 6,782,299 in 2019. For detailed individual information on Executive Remuneration we refer to 6.3.2 of the annual report.



Data for H. De Cuyper as of his appointment on 22 October 2020, for B. De Smet until 22 October 2020.

4.7.6 Compliance with policy and application of performance criteria

One-year variable remuneration (STI)

All variable remuneration in relation to 2020 performance was determined in line with the Remuneration Policy. The one-year variable remuneration (STI) for the Executive Committee Members is determined by reference to the achievement of both non- financial, individual criteria (weight 30%) and financial performance criteria (weight 70%). For the CRO specific criteria related to the risk function apply. The table below gives an overview of the key performance indicators, their respective weight and the level of achievement as assessed by the Board of Directors.

The overall achievement resulted in the following pay-outs of the target STI for performance year 2020:

- Bart De Smet (CEO until 22 October 2020): 137% of target;
- Hans De Cuyper (CEO as of 22 October 2020): 133% of target;
- Christophe Boizard (CFO): 130% of target;
- Emmanuel Van Grimbergen (CRO): 125% of target;
- Antonio Cano (MD Europe): 131% of target;
- Filip Coremans (MD Asia): 134% of target.

		Total performance score	Detail of performance score (2)				
Incumbent Name	Function	Non-financial (30%) - Business (70%)	Non-financial Performance Indicators		Ageas Business Performance		
			Weight	Score for achievement	KPI	Weight	Score for achievement
					Net profit	14.0%	103%
B. De Smet	CEO	137%	30%	138%	Earnings per share (EPS)	10.5%	126%
H. De Cuyper	CEO	133%	30%	126%	Growth	7.0%	112%
C. Boizard	CFO	130%	30%	115%	Combined Ratio	10.5%	200%
E. Van Grimbergen	CRO (1)	125%	30%	121%	Operating margin guaranteed	7.0%	110%
A. Cano	MD Europe	131%	30%	119%	Operating margin unit linked	3.5%	80%
F. Coremans	MD Asia	134%	30%	128%	Strategic challenges		
					Employee NPS	3.5%	150%
					ESG-rating	7.0%	200%
					Reinsurance	7.0%	125%
					Total	**70.0%**	**136%**

(1) For the CRO the Ageas Business performance weighs for 40%, the additional 30% is linked to the performance of the Risk function which scores 114%.

(2) Scores range from 0%, to 100% for on target performance, to max 200% for overperformance.

Multi-year variable remuneration (LTI)

The grant of the Multi-year variable remuneration (LTI) is based on the achievement of the "Ageas Business Score" which is the result of the achievement of the financial KPI's as mentioned in above table.

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).

4.7.7 Derogations and deviations from the Remuneration Policy

The Board of Directors requested that the departing Chairman Jozef De Mey ensure a seamless transition in collaboration with the newly appointed Chairman, particularly regarding the Asian joint ventures. The Board of Directors proposed that Jozef De Mey therefore be entitled to a transition fee of EUR 100,000.

This proposal was submitted for approval to the General Meeting of Shareholders of 22 October 2020. The proposal was validated with 87.83% of shareholder votes.

4.7.8 Comparative information on change of remuneration and company performance

Total CEO – pay for 2020 versus the average employee remuneration results in a comparative ratio of 24.1. In relation to the lowest employee remuneration at ageas SA/NV this results in a comparative ratio of 40.1. We refer to 6.3.2 of the annual report for a detailed comparative and evolutive table.

4.7.9 Shareholder vote

We value the dialogue with our shareholders and integrate their feedback in the agenda and discussions of the Remuneration Committee.

The new Remuneration Policy was submitted for approval to the General Meeting of Shareholders of May 2020. The policy was validated with 77.51% of shareholder votes. The Remuneration Report 2019 was validated with 79.24% of shareholder votes.

4.7.10 Looking ahead to 2021

The Remuneration Committee discussed the circular of the NBB of 26-01-2021 on dividend pay-out and variable remuneration in its meeting of 8 February 2021. The Remuneration Committee carefully took notice of the recommendations of the NBB and assessed the remuneration practice in the light of this circular.

The Remuneration Committee considers that the Ageas remuneration practice is in line with the NBB – recommendation of a prudent approach towards variable remuneration based on following elements:

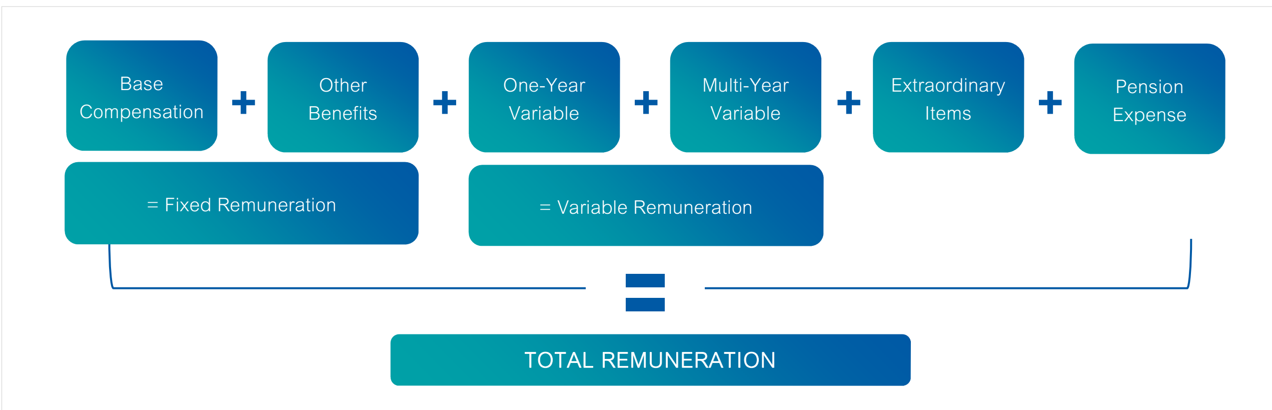
- the careful monitoring of the solvency position and its evolution over 2020;
- the fact that the financial KPI's and targets were not adjusted and fully integrate the impact of the Covid crisis on the results;
- the deferral of variable remuneration over a period of 3 years and the potential downward adjustment based on future results.

Board of Directors
30 March 2021

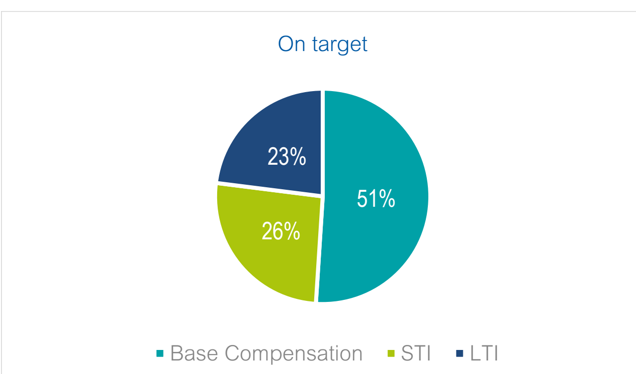
4.7.11 Our 2020 Remuneration Policy at a glance

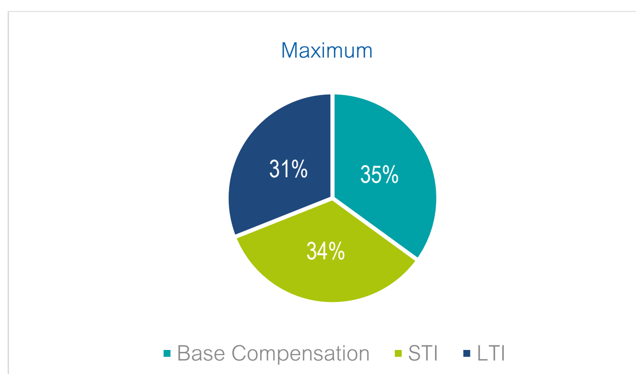
4.7.11.1 Executive Committee

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:

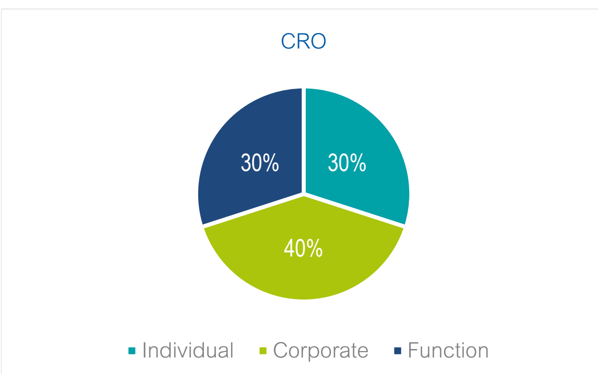
- 50% during N + 1
- 25% during N + 2
- 25% during N + 3

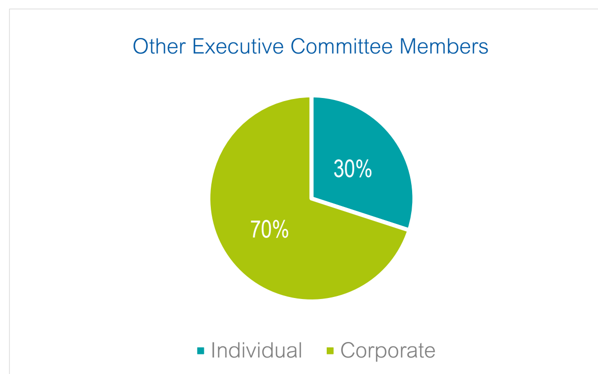
In line with the Remuneration Policy, deferred amounts are subject to the achievement of sustained performance over the deferral period and are therefore subject to upwards or downwards adjustments.

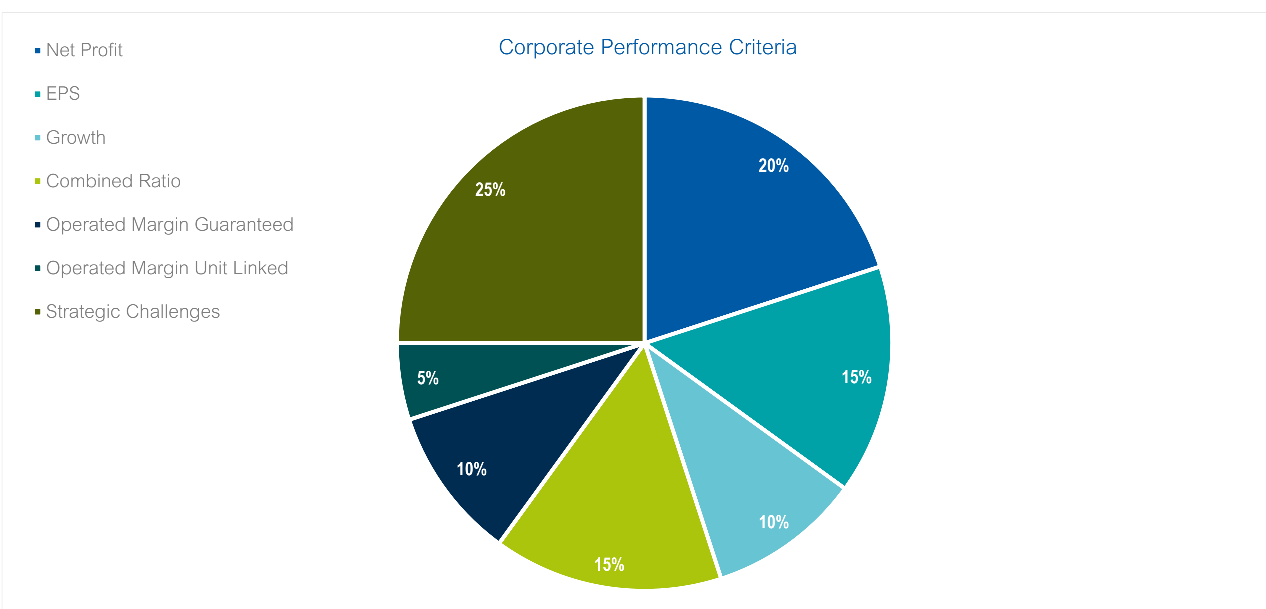
The Short-Term Incentive Plan includes a claw-back provision.

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. In any case the total shares attributed at vesting will never exceed an amount of shares equal to 90% of base compensation divided by the share price at initial grant.

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 2020 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.

4.7.11.2 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 overview of the fixed fees and attendance fees applicable to 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.

In line with principle 7.6 of the new Belgian Corporate Governance Code 2020, Non-Executive Board members will receive up to a maximum of 20% of their fixed remuneration in the form of Ageas shares. This principle will be applied as of any future increase of Board remuneration.

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 2020

Consolidated statement of financial position

(before appropriation of profit)

	Note	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	*9*	2,241	3,745
Financial investments	*10*	63,710	64,002
Investment property	*11*	2,889	2,603
Loans	*12*	13,398	11,072
Investments related to unit-linked contracts		17,088	16,429
Investments in associates	*13*	4,929	4,716
Reinsurance and other receivables	*14*	1,961	1,860
Current tax assets		49	83
Deferred tax assets	*22*	98	106
Accrued interest and other assets	*15*	1,885	1,911
Property, plant and equipment	*16*	1,827	1,719
Goodwill and other intangible assets	*17*	1,229	1,203
Assets held for sale		114	
Total assets		**111,418**	**109,449**
Liabilities			
Liabilities arising from Life insurance contracts	*19.1*	29,973	28,761
Liabilities arising from Life investment contracts	*19.2*	31,629	32,243
Liabilities related to unit-linked contracts	*19.3*	17,090	16,438
Liabilities arising from Non-life insurance contracts	*19.4*	7,404	7,598
Subordinated liabilities	*20*	2,758	3,117
Borrowings	*21*	3,920	2,956
Current tax liabilities		89	50
Deferred tax liabilities	*22*	1,105	1,119
RPN(I)	*23*	420	359
Accrued interest and other liabilities	*24*	2,934	2,745
Provisions	*25*	322	582
Liabilities related to assets held for sale			
Total liabilities		**97,644**	**95,968**
Shareholders' equity	*18*	11,555	11,221
Non-controlling interests	*26*	2,219	2,260
Total equity		**13,774**	**13,481**
Total liabilities and equity		**111,418**	**109,449**

Consolidated income statement

	Note		2020		2019
Income					
- *Gross premium income*		*8,435*		*9,383*	
- *Change in unearned premiums*		*(22)*			
- *Ceded earned premiums*		*(411)*		*(362)*	
Net earned premiums	*30*		8,002		9,021
Interest, dividend and other investment income	*31*		2,392		2,612
Unrealised gain (loss) on RPN(I)	*23*		(61)		
Result on sales and revaluations	*32*		639		326
Investment income related to unit-linked contracts	*33*		484		1,898
Share in result of associates	*13*		328		623
Fee and commission income	*34*		385		365
Other income	*35*		201		254
Total income			**12,370**		**15,099**
Expenses					
- *Insurance claims and benefits, gross*		*(6,966)*		*(8,440)*	
- *Insurance claims and benefits, ceded*		*151*		*146*	
Insurance claims and benefits, net	*36*		(6,815)		(8,294)
Charges related to unit-linked contracts			(610)		(1,977)
Financing costs	*37*		(139)		(129)
Change in impairments	*38*		(172)		(56)
Change in provisions	*25*		36		(5)
Fee and commission expenses	*39*		(1,138)		(1,093)
Staff expenses	*40*		(834)		(831)
Other expenses	*41*		(1,165)		(1,281)
Total expenses			**(10,837)**		**(13,666)**
Result before taxation			**1,533**		**1,433**
Tax income (expenses)	*42*		(233)		(255)
Net result for the period			**1,300**		**1,178**
Attributable to non-controlling interests	*26*		159		199
Net result attributable to shareholders			**1,141**		**979**
Per share data (EUR)					
Basic earnings per share	*18*		6.07		5.09
Diluted earnings per share	*18*		6.06		5.08

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

	Note	2020	2019
Gross premium income		8,435	9,383
Inflow deposit accounting (directly recognised as liability)	*30*	1,057	1,162
Gross inflow		**9,492**	**10,545**

Consolidated statement of comprehensive income

	Note		2020		2019
COMPREHENSIVE INCOME					
Items that will not be reclassified to the income statement:					
Remeasurement of defined benefit liability		*(71)*		*(84)*	
Related tax		*17*		*22*	
Remeasurement of defined benefit liability	*6*	(54)		(62)	
Total of items that will not be reclassified to the income statement:			**(54)**		**(62)**
Items that are or may be reclassified to the income statement:					
Change in amortisation of investments held to maturity		*4*		*6*	
Related tax		*(1)*		*(1)*	
Change in amortisation of investments held to maturity	*10*	3		5	
Change in revaluation of investments available for sale (1)		*81*		*663*	
Related tax		*(37)*		*(91)*	
Change in revaluation of investments available for sale	*10*	44		572	
Share of other comprehensive income of associates	*13*	144		859	
Change in foreign exchange differences		(356)		170	
Total items that are or may be reclassified to the income statement:			**(165)**		**1,606**
Other comprehensive income for the period			**(219)**		**1,544**
Net result for the period			1,300		1,178
Total comprehensive income for the period			**1,081**		**2,722**
Net result attributable to non-controlling interests		159		199	
Other comprehensive income attributable to non-controlling interests		(34)		100	
Total comprehensive income attributable to non-controlling interests			**125**		**299**
Total comprehensive income attributable to shareholders			**956**		**2,423**

(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 2019	**1,502**	**2,051**	**2,511**	**(75)**	**809**	**2,613**	**9,411**	**2,108**	**11,519**
Net result for the period					979		979	199	1,178
Revaluation of investments						1,319	1,319	117	1,436
Remeasurement IAS 19			(45)				(45)	(17)	(62)
Foreign exchange differences				170			170		170
Total non-owner changes in equity			(45)	170	979	1,319	2,423	299	2,722
Transfer			809		(809)				
Dividend			(416)				(416)	(149)	(565)
Change in capital								2	2
Treasury shares			(184)				(184)		(184)
Share-based compensation									
Other changes in equity (1)			(12)			(1)	(13)		(13)
Balance as at 1 January 2020	**1,502**	**2,051**	**2,663**	**95**	**979**	**3,931**	**11,221**	**2,260**	**13,481**
of which amounts recognised in OCI and accumulated in equity relating to assets held for sale				*3*		*7*	*10*		*10*
Net result for the period					1,141		1,141	159	1,300
Revaluation of investments						212	212	(21)	191
Remeasurement IAS 19			(42)				(42)	(12)	(54)
Foreign exchange differences				(355)			(355)	(1)	(356)
Total non-owner changes in equity			(42)	(355)	1,141	212	956	125	1,081
Transfer			979		(979)				
Dividend			(485)				(485)	(167)	(652)
Change in capital								8	8
Treasury shares			(131)				(131)		(131)
Share-based compensation			1				1		1
Other changes in equity (1)			(7)				(7)	(7)	(14)
Balance as at 31 December 2020	**1,502**	**2,051**	**2,978**	**(260)**	**1,141**	**4,143**	**11,555**	**2,219**	**13,774**
of which amounts recognised in OCI and accumulated in equity relating to assets held for sale				*3*		*10*	*13*		*13*

(1) Other changes in shareholders' equity include the put option on Interparking shares, 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		2020		2019
Cash and cash equivalents as at 1 January	***9***		**3,745**		**2,925**
Result before taxation			1,533		1,433
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	*23*	61			
Result on sales and revaluations	*32*	(639)		(326)	
Share in result of associates	*13*	(328)		(623)	
Depreciation, amortisation and accretion	*41*	854		654	
Impairments	*38*	172		56	
Provisions	*25*	(36)		(8)	
Share-based compensation expense	*40*	3		7	
Total adjustments to non-cash items included in result before taxation			*87*		*(240)*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	*10*	(9)		(5)	
Loans	*12*	(2,331)		(1,242)	
Reinsurance and other receivables	*14*	(176)		50	
Investments related to unit-linked contracts		(659)		(920)	
Proceeds from the issuance of borrowings	*21*	1,053		383	
Payment of borrowings	*21*	(90)		(182)	
Liabilities arising from insurance and investment contracts	*19.1 & 19.2 & 19.4*	987		3,410	
Liabilities related to unit-linked contracts	*19.3*	560		863	
Net changes in all other operational assets and liabilities		(2,248)		(2,996)	
Dividend received from associates	*13*	169		155	
Income tax paid		(205)		(243)	
Total changes in operating assets and liabilities			*(2,949)*		*(727)*
Cash flow from operating activities			**(1,329)**		**466**
Investing activities within the group		2			
Purchases of financial investments	*10*	(5,955)		(7,515)	
Proceeds from sales and redemptions of financial investments	*10*	7,431		7,983	
Purchases of investment property	*11*	(557)		(102)	
Proceeds from sales of investment property	*11*	328		314	
Purchases of property, plant and equipment	*16*	(262)		(129)	
Proceeds from sales of property, plant and equipment	*16*	7			
Acquisitions of subsidiaries and associates (including capital increases in associates)	*3*	(440)		(353)	
Divestments of subsidiaries and associates (including capital repayments of associates)	*3*	175		127	
Purchases of intangible assets	*17*	(96)		(59)	
Proceeds from sales of intangible assets	*17*	2		4	
Cash flow from investing activities			**635**		**270**
Proceeds from the issuance of subordinated liabilities	*20*	498		1,311	
Redemption of subordinated liabilities	*20*	(507)		(484)	
Purchases of treasury shares		(131)		(184)	
Dividends paid to shareholders of parent companies		(485)		(416)	
Dividends paid to non-controlling interests		(167)		(149)	
Repayment of capital (including minority interests)		(12)			
Cash flow from financing activities			**(804)**		**78**
Effect of exchange rate differences on cash and cash equivalents			**(6)**		**6**
Cash and cash equivalents as at 31 December	***9***		**2,241**		**3,745**
Supplementary disclosure of operating cash flow information					
Interest received		1,909		1,943	
Dividend received from financial investments	*31*	128		138	
Interest paid		(132)		(108)	

General Notes

C

Covid-19

Since early 2020, the Covid-19 pandemic has resulted in additional uncertainties in the operating environment of Ageas.

- The impact on performance is highlighted in Section A of this Annual Report as are the impacts on society, our employees and philanthropy initiatives.
- The impact on our risk taxonomy is discussed in Section C, note 4.6.
- The uncertainties regarding management judgements, accounting estimates and assumptions are discussed in Section C, note 2.3.
- Impacts on lines of the income statement are explained in section A and in various notes in Sections C and D (see notes 2.2.1., 14, 31, 36, 38, 41).

1

Legal structure

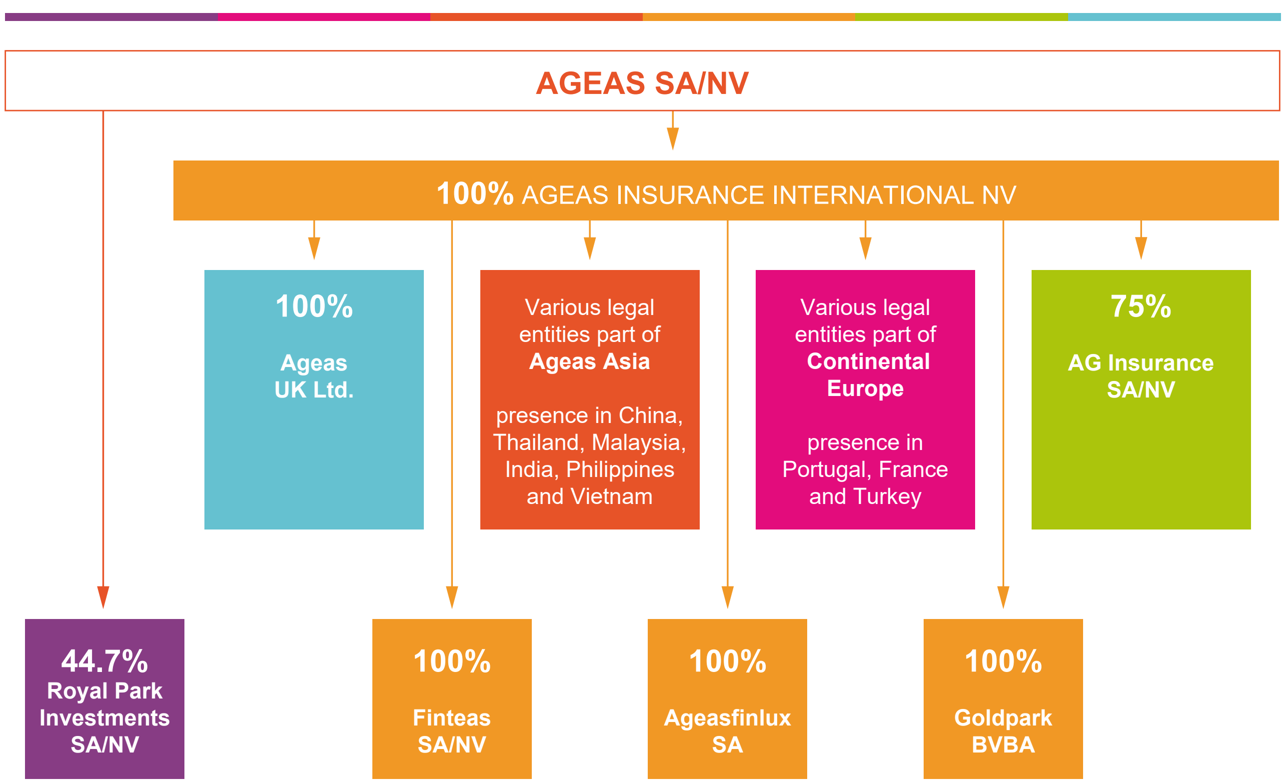
ageas SA/NV, incorporated in Belgium with its registered office at Rue du Marquis 1/Markiesstraat 1, Brussels, Belgium, is the parent company of the Ageas Group. The Annual Report includes the Consolidated Financial Statements of the Ageas group and the Financial Statements of ageas SA/NV.

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 2020 are:

- BlackRock, Inc 5.23%;
- Ping An 5.17%;
- Fosun 5.06%;
- Schroders Plc 2.94%;
- ageas SA/NV and its subsidiaries hold 3.90% 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).

The legal structure of Ageas is per 31 December 2020 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 'Group Public Disclosure QRTs' which can be found on the website: https://www.ageas.com/investors/quarterly-results.

2

Summary of accounting policies

The Ageas Consolidated Financial Statements 2020, including all the notes, comply with the International Financial Reporting Standards (IFRS) as at 1 January 2020, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

2.1 Basis of accounting

The accounting policies applied in the Ageas Consolidated Financial Statements 2020 are consistent with those applied for the year ended at 31 December 2019, except for the changes listed in paragraph 2.2 below.

The Ageas Consolidated Financial Statements 2020 are prepared on a going concern basis and are presented in rounded millions of euros, the functional currency of the parent company of Ageas, unless indicated otherwise.

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 2020, the following new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations became effective, as endorsed by the EU.

Interest Rate Benchmark Reform – phase 1
(Amendments to IFRS 9, IAS 39 and IFRS 7)

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 on 'Interest Rate Benchmark Reform' (phase 1) in September 2019. The EU endorsed the amendments in January 2020 and they apply for annual reporting periods beginning on or after 1 January 2020.

The amendments to IAS 39 and IFRS 7 modify some specific hedge accounting requirements by providing a (mandatory) temporary relief for hedge accounting relationships directly affected by uncertainties related to the IBOR reform to continue the existing hedge accounting relationship during the period of uncertainty caused by the IBOR reform.

The notional amount of hedging relationships to which the amendments apply amounts to EUR 834 million as at 31 December 2020. The majority of these hedging derivatives are based on EURIBOR. As the temporary relief permits to continue hedge accounting relationships, there is no impact on the consolidated statement of financial position or income statement of Ageas.

The principal amount of Ageas's subordinated liabilities with a floating coupon rate linked to the EURIBOR amounts to EUR 442.8 million as at 31 December 2020. Ageas does not expect that the modification of the interest rate benchmark for these loans will result in a significant modification gain or loss.

Ageas monitors the developments regarding the IBOR reform. In July 2019, the Financial Services and Markets Authority (FSMA) authorised the European Money Markets Institute (EMMI) as administrator of the EURIBOR benchmark, implying that the benchmark may also be used after 1 January 2020. In view of the above, Ageas expects that EURIBOR will continue to exist as a benchmark rate for a foreseeable future.

Amendments to IFRS 3 Definition of a business

Following feedback from the post-implementation review on IFRS 3, the IASB issued in October 2018 amendments to IFRS 3 on 'Definition of a business'. The EU endorsed the amendments in April 2020 and they apply to business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

The amended definition of a business helps entities to determine whether an acquisition made is a business or a group of assets. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Moreover, a business can exist without including all of the inputs and processes needed to create outputs.

Ageas applied the (amended) definition of a business for acquisitions with an acquisition date on or after 1 January 2020, in assessing whether a business or a group of assets was acquired.

Amendments to IFRS 16 Covid-19-related rent concessions

As a result of the Covid-19 pandemic, lessors may have provided rent concessions to lessees. Rent concessions include rent holidays or rent reductions for a period of time, possibly followed by increased rent payments in future periods.

In May 2020, the IASB issued amendments to IFRS 16 'Covid-19-related rent concessions'. The EU endorsed the amendments in October 2020.

The amendments provide lessees a practical expedient to not assess whether a Covid-19-related rent concession is a lease modification. As lessee, Ageas did not benefit from Covid-19-related rent concessions, that would result in a lease modification. As such, the amendments have no impact on the consolidated statement of financial position or income statement of Ageas.

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 2020, did not affect the consolidated statement of financial position or income statement of Ageas in a significant way. Those changes relate to:

- Amendments to IAS 1 and IAS 8 'Definition of material'; and
- Amendments to references to the Conceptual Framework in IFRS standards

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 2021 or later.

Amendments to IFRS 4 Extension of the temporary exemption from applying IFRS 9

The IASB issued 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 2020. The paragraphs below explain the reasons behind this derogation.

In September 2016, the IASB issued amendments to IFRS 4 'Applying IFRS 9 financial instruments with IFRS 4 insurance contracts', in order to address the implementation challenges of applying IFRS 9 'Financial instruments' before the effective date of IFRS 17 'Insurance contracts'. In the meanwhile, the IASB deferred the effective date of IFRS 17 until 1 January 2023. Together with the issuance of amendments to IFRS 17 in June 2020, the IASB issued amendments to IFRS 4 'Extension of the temporary exemption from applying IFRS 9', in order to confirm that insurers can apply both IFRS 9 and IFRS 17 at the same time. The EU endorsed the amendments in December 2020.

The 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 the financial statements of other companies applying IFRS 9.

	Fair Value at 31 December 2020		Fair Value at 31 December 2019		Amount of change in fair value in 2020	
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	2,177	64	3,743	2	(1,566)	62
Debt securities, incl. structured notes	61,038	167	61,350	180	(312)	(13)
Equity securities and other investments		4,875		4,649		226
Derivatives held for trading		16		10		6
Derivatives for hedging purposes		3				3
Loans	14,338	597	11,537	601	2,801	(4)
Investments related to unit linked		17,088		16,429		659
Other receivables	858		659		199	

		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 2020	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	5,722				
AA	34,102				
A	12,615				
BBB	15,195				
Total investment grade	**67,634**				
Below investment grade	570	123	30		
Unrated	4,985	6	20	916	47
Total	**73,190**	**129**	**50**	**916**	**47**

		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				
AA	33,963				
A	14,592				
BBB	14,912				
Total investment grade	**69,614**				
Below investment grade	435	32	26		
Unrated	4,413	11	27	601	43
Total	**74,462**	**43**	**53**	**601**	**43**

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 2020	
Gross carrying amount applying IAS 39	1,706
Fair value	1,676
Difference	**30**

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 periods. This derogation from applying uniform accounting policies is permitted by paragraph 39I of the amendments to IFRS 4 on 'Extension of the temporary exemption from applying IFRS 9'. The available financial statements of Maybank Ageas Holdings Berhad can be found on following website: (https://www.etiqa.com.my/v2/about-us/financial-report).

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 'Insurance contracts' in May 2017 and amended IFRS 17 in June 2020. IFRS 17 applies for annual reporting periods beginning on or after 1 January 2023.

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. As from 1 January 2023, IFRS 17 will replace the current standard IFRS 4 'Insurance contracts', issued in 2005. 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.

IFRS 17 introduces a current value accounting model for insurance contracts. 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 on the nature and extent of risks arising from these contracts.

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 EFRAG is currently preparing its endorsement advice to the EU.

Given the same application date of IFRS 9 'Financial instruments' and IFRS 17 'Insurance contracts', a combined implementation project is ongoing at Ageas. The effect of implementing both standards will result in a significant change to the accounting policies and presentation in the consolidated financial statements of Ageas and will affect the reported shareholder's equity, net result and other comprehensive income. Given the publication of amendments to IFRS 17 in June 2020, it is currently not yet possible to provide details on the impact of both standards.

Interest Rate Benchmark Reform – phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 'Interest Rate Benchmark Reform' (phase 2) in August 2020. The EU endorsed the amendments in January 2021 and they apply for annual reporting periods beginning on or after 1 January 2021.

The amendments address topics that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmarks. As indicated above, a working group within Ageas monitors the developments regarding the IBOR reform.

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 2021 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 have already been endorsed by the EU. Those changes relate to:

- Amendments to IAS 1 'Classification of liabilities as current or non-current';
- Amendments to IFRS 3 'References to the Conceptual Framework';
- Amendments to IAS 16 'Proceeds before intended use';
- Amendments to IAS 37 'Cost of fulfilling a contract'; and
- Annual improvements to IFRS Standards (cycle 2018-2020).

2.3 Accounting estimates

The preparation of the Ageas Consolidated Financial Statements requires the use of certain judgements, 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.

Due to the uncertain outlook concerning the short, medium and long-term impacts of the Covid-19 pandemic, these judgements, estimates and assumptions are subject to increased uncertainty. As such, actual amounts may differ from previous estimates and assumptions. Estimates and underlying assumptions have been reviewed as a result of Covid-19, in particular as concerns fair values of (non-quoted) financial assets and liabilities measured using a valuation technique (level 2 or 3), fair values of investment property and property, plant and equipment, deferred tax assets, insurance liabilities, hedge accounting, measurement of recoverable amounts of financial assets, associates and goodwill.

The table below includes the estimation uncertainty of the key judgements, 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.

Business combinations

Business combinations are accounted for using the acquisition method, when the set of acquired activities and assets meet the definition of a business and control is transferred to Ageas. In order the acquisition to be considered a business, the acquired set of activities and assets shall include an input and a substantive process applied to the input, that together significantly contribute to the ability to create outputs. The acquired process is substantive if it is critical to the ability to develop or convert an acquired input into output or it is critical to the ability to continue producing outputs.

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.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at the acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are those entities over which Ageas, either directly or indirectly, has the power to govern the financial and operating policies 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 includes 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 2020	31 December 2019	2020	2019
Pound sterling	0.90	0.85	0.89	0.88
US dollar	1.23	1.12	1.14	1.12
Hong Kong dollar	9.51	8.75	8.86	8.77
Turkey lira	9.11	6.68	8.05	6.36
China yuan renminbi	8.02	7.82	7.87	7.74
Indian Rupee	89.66	80.19	84.64	78.83
Malaysia ringgit	4.93	4.60	4.80	4.64
Philippines Peso	59.13	56.90	56.62	57.98
Thailand baht	36.73	33.41	35.71	34.76
Vietnamese Dong	28,108	25,977	26,450	28,384

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 derecognised 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). When Ageas uses quantitative unobservable inputs in measuring fair value, those are not developed in house.

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. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate. The use of 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, the fair value of those positions varies in proportion to changes of these cash flows. The changes in value of the level 3 instruments are accounted for in other comprehensive income.

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. In particular for asset-backed securities, the expected cash flows used in the discounted cash flow model 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. 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. Level 3 valuations for private equities and venture capital make use of fair values disclosed in the audited financial statements of the relevant participations.
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.

The fair value methodology applied for the measurement of financial instruments, as described above, did not change as a result of Covid-19. If applicable, additional uncertainties due to the Covid-19 pandemic have been incorporated in the fair value measurement.

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; and
- 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 are 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.

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

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.

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.

The LAT tests take into account the effect of reinsurance and include, for direct investments in real estate, the actual rental income up to the next contractual renewal period. LAT tests are determined at legal entity level.

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.

3

Acquisitions and disposals

The following significant acquisitions and disposals were made in 2020 and 2019. 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 2020

Taiping Reinsurance Co. Ltd. (TPRe) (Asia)

On 27 November 2020, Ageas acquired a 24.99% interest in Taiping Reinsurance Company Limited (TPRe) by subscribing to a capital increase of HKD 3 billion (EUR 336 million). TPRe is a subsidiary of China Taiping Insurance Holdings (CTIH). The interest in associate TPRe is accounted for using the equity method.

Additional acquisition in IFLIC (Asia)

On 30 December 2020, Ageas acquired an additional 23% stake in the Indian Life insurance joint venture IDBI Federal Life Insurance Company Ltd. (IFLIC) for a consideration of INR 5.1 billion (EUR 58 million including transaction costs). With this transaction, Ageas increased its interest in IFLIC to 49% and became the largest shareholder in the joint venture it operates together with IDBI Bank and Federal Bank. Ageas continues to account for the associate using the equity method. Following the transaction IFLIC was rebranded to Ageas Federal Life Insurance Company.

3.2 Disposals in 2020

AG Insurance (Belgium)

In the second quarter of 2020, a loss of control in the Sicav Equities Euro resulted in the deconsolidation of this entity, leading to a capital gain of EUR 26 million.

In the third quarter of 2020, AG Insurance sold the equity associate SCI Frey Retail Fund 2 for an amount of EUR 41 million, realising a capital gain of EUR 8 million. In the last quarter of 2020, AG Insurance sold their interests in the equity associate BG1 for a total consideration of EUR 125 million, realising a capital gain of EUR 32 million.

3.3 Assets held for sale in 2020

Tesco Underwriting (TU) (UK)

On 14 October 2020, Ageas and Tesco Personal Finance Plc (Tesco Bank) announced an agreement for Tesco Bank to buy Ageas's 50.1% stake in associate Tesco Underwriting Limited. The transaction is expected to close in the second quarter of 2021. Accordingly, the carrying amount of EUR 109 million of Tesco Underwriting was classified as non-current assets held for sale on the consolidated statement of financial position. An impairment assessment was carried out and no impairment on the carrying amount of Tesco Underwriting was required.

3.4 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 million. RSGI is reported applying the equity method by Ageas group as from Q1 2019.

AG Insurance (Belgium)

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 51 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 71 million. Milleniumbcp Ageas holds the majority of the shares. These three companies are fully consolidated by Ageas group as per 31 December 2019.

3.5 Disposals in 2019

AG Insurance (Belgium)

In the last quarter of 2019, AG Insurance sold Hexa Logistic for an amount of EUR 26 million, realising a capital gain of EUR 13 million.

3.6 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.

		2020		2019
	Acquisitions	Disposals	Acquisitions	Disposals
Assets and liabilities of acquisitions and disposals				
Cash and cash equivalents	7	(6)	8	(1)
Financial investments		5		
Investment property	33		82	(26)
Loans			32	7
Investments in associates				
including capital (re)payments	427	(141)	262	(97)
Reinsurance and other receivables			2	
Accrued interest and other assets				(1)
Property, plant and equipment			1	
Goodwill and other intangible assets			45	
Borrowings			49	
Current and deferred tax liabilities			8	(3)
Accrued interest and other liabilities	13		8	(1)
Non-controlling interests	7		6	
Other		(27)		
Net assets acquired / Net assets disposed of	**447**	**(115)**	**361**	**(114)**
Result of disposal, gross		66		14
Result on discontinued operations, net of taxes		66		14
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(447)	181	(361)	128
Less: Cash and cash equivalents acquired / divested	7	(6)	8	(1)
Cash used for acquisitions / received from disposals	**(440)**	**175**	**(353)**	**127**

4 Risk Management

4.1 Risk Management Objectives

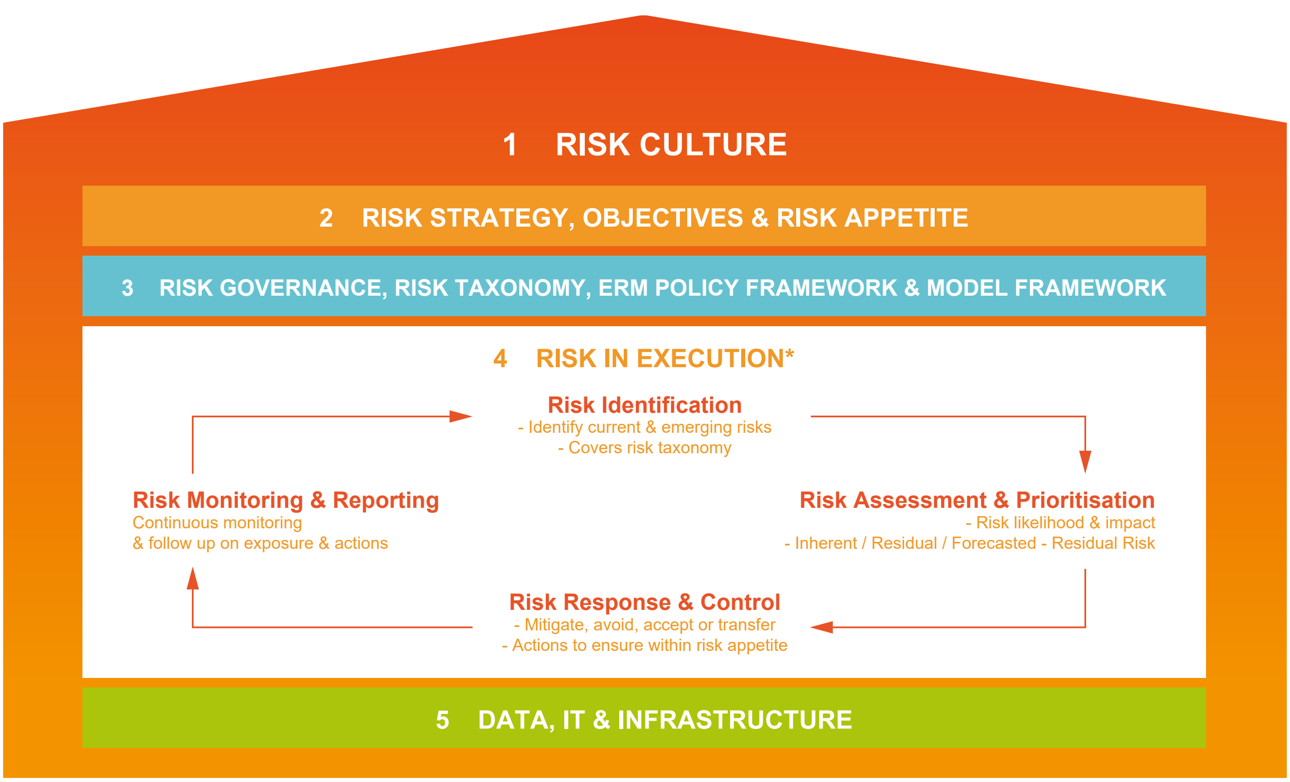
As a multinational insurance provider, Ageas creates value by properly managing the acceptance, warehousing, and transformation of risks either at the individual or at the overall portfolio level. Ageas's insurance operations provide both Life and Non-life insurances and as such face a number of risks 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 (mindful of Ageas's commitment to its stakeholders, to society, as well as corporate and risk culture values).

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.



* A. Key Risk & Emerging Risk Reporting B. ORSA Process
Note - Internal Control, Information Security and Data Management are managed as part of the ERM framework.
In addition to 4A & 4B, further risk reports exist and are documented in the Ageas Enterprise Risk Management Framework.

Risk culture forms an essential part of the overall corporate culture that the Ageas Board of Directors, ManCo and ExCo seek to promote and embed. Ageas's risk culture, outlined below, stems from Ageas corporate culture. The principles of corporate culture and key components of risk culture provide guidance to actions and decisions, and reflect the mind-set and attitude expected in the company.

The key elements of Ageas's desired risk (and corporate) culture are depicted below.

OUR RISK CULTURE VALUES

We always act **ethically** and with **integrity**

We **share responsibility** for maintaining our culture of **risk awareness at all levels**

We promote an environment of **open communication** and **effective challenge** in which decision-making processes encourage taking a broad range of views and promote engagement

We **understand** both the **good (upside risk)** and the **harm (downside risk)** that can arise **from** the **decisions** we make

We **take ownership** and **individual accountability**, making **timely decisions** and **openly reporting** on the risks we take

We have the **right people profiles, incentives, reward**, and **remuneration** structure consistent with our **desired risk culture**

OUR CORPORATE VALUES

CARE

WE CARE - showing respect & helping hose around us, and staying true to who we are

DARE

WE DARE - pushing boundaries and not being afraid to take a chance

DELIVER

WE DELIVER - making things happen, keeping the promisses we make

SHARE

WE SHARE - learning together, inspiring others, and sharing success with all stakeholders

To help promote risk awareness and embed the risk culture values across the organisation, regular risk training (e.g. covering risk event types spanning Ageas risk taxonomy) and communications (e.g. via intranet, e-mail and other internal communication apps) are in place across the Group.

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.

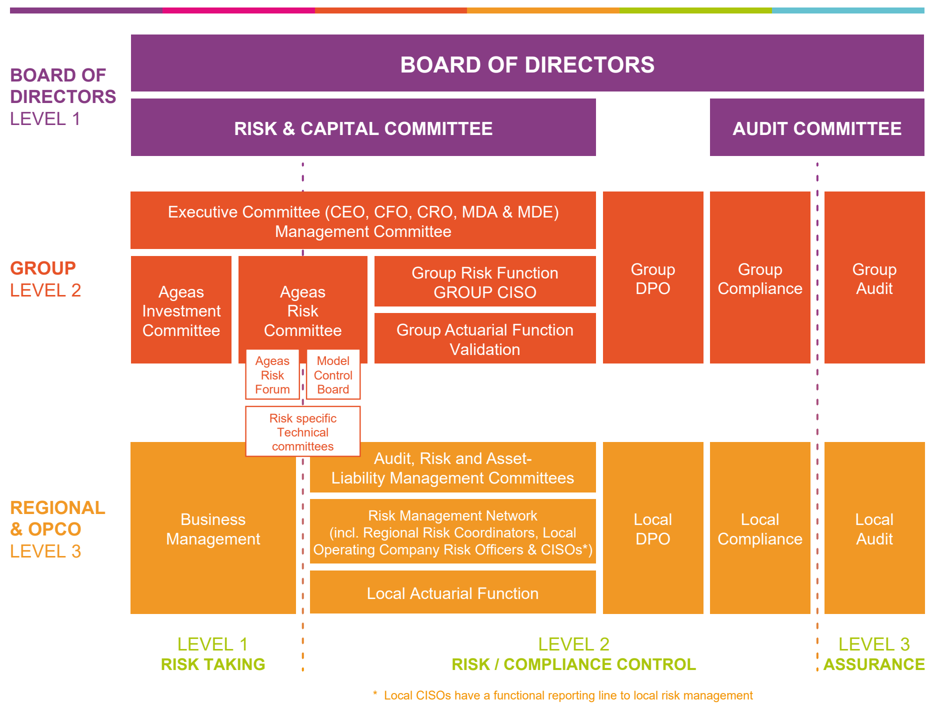
Ageas has established and implemented an Enterprise Risk Management ("ERM") framework inspired by COSO[6] ERM and Internal Control frameworks, which encompasses key components that act as a supporting foundation of the risk management system. ERM can be defined as the process of systematically and comprehensively 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 (responsibilities related to risk management and internal control are explained in this section – please refer to note 'A.4 Corporate Governance Statement' for further governance details).

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



Board of Directors

The Board of Directors decides on and regularly reviews, at least once a year, the Company's medium and long-term strategy based on proposals from the Executive Management. The Board also determines the risk appetite and the general risk management policies of the Company in order to achieve the Company's strategic objectives. The Board is the first line as regards risk-based strategic decisions and is closely involved in the ongoing supervision of the development of the Company's risk profile. The Board approves the operational plans and main policies developed by the Executive Management to give effect to the approved Company strategy and ensures that the Company's culture is supportive of the achievement of its strategy and that it promotes responsible and ethical behaviour. Furthermore, the Board approves the framework of internal control and risk management proposed by the Executive Management and reviews the implementation of this framework.

The Board has set up the following Advisory Committees in order to advise the Board in respect of decisions to be taken, to give comfort to the Board that certain issues have been adequately addressed and, if necessary, to bring specific issues to the attention of the Board:

- the Audit Committee
- the Risk & Capital Committee
- the Remuneration Committee
- the Nomination & Corporate Governance Committee

For brevity, and given their oversight of risk management and internal control, only the Audit Committee and Risk & Capital Committee are further elaborated below.

Risk & Capital Committee

The Risk & Capital Committee provides advice to the Board on all aspects connected to the current and future risk strategy and risk tolerance, and supports the Board in exercising supervision of the implementation of that strategy by the Executive Committee.

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 the financial reporting and risks.

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 – the Executive Committee (ExCo) is ultimately accountable for the information security policy and the design, implementation and correct operation of the related controls. The ExCo assigns day-to-day responsibility for these arrangements to the Group Chief Information Security Officer (CISO) who 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 will 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.

Group Compliance Function

An independent control function within Ageas that aims to provide reasonable assurance that the company and its employees comply with laws, regulations, internal rules and ethical standards.

Group Internal Audit Function

The internal audit function contributes to the achievement of Ageas's objectives by providing professional and independent assurance on the effectiveness of governance, risk management and control processes. If and when appropriate, Audit formulates recommendations to optimize these processes.

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)

- Implements the enterprise risk management framework
- Embeds an appropriate risk culture
- Identifies, owns, measures and manages risks in the business, ensuring Ageas does not suffer from unexpected events
- Implements policies and controls to manage risks (in line with Group requirements and risk appetite) and ensure that these are operating effectively on a day to day basis
- Identifies and implements actions to manage existing and emerging risks
- Reports on risk management including analysing whether key business objectives are likely to be achieved
- Demonstrate to the Board of Directors and Regulator that risk controls are adequate and effective
- Operating in line with regulations

SECOND LINE OF DEFENCE
(Risk Management, Compliance, DPO, CISO and Actuarial Functions)

- Advises Senior Management and the Board of Directors on the setting of high level strategies and risk appetite aggregation
- Establishes and maintains the enterprise risk management framework
- Facilitates, assesses and monitors the effective operation of the risk management system
- Provides risk education and training
- Acts as an independent risk advisor
- Oversight & challenge of key risks and how they are measured and managed
- Monitors adherence with risk appetite and policies
- Oversees effective use of risk processes and controls
- Monitors compliance with regulations and informs business of requirements

THIRD LINE OF DEFENCE
(Internal Audit)

Provides a reasonable level of independent assurance to Senior Management and Board of Directors on the adequacy & 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 Underwriting Risk at the level of some entities) to measure its Solvency Capital Requirement under Pillar 1. Ageas supplements the Pillar I PIM 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
- 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).

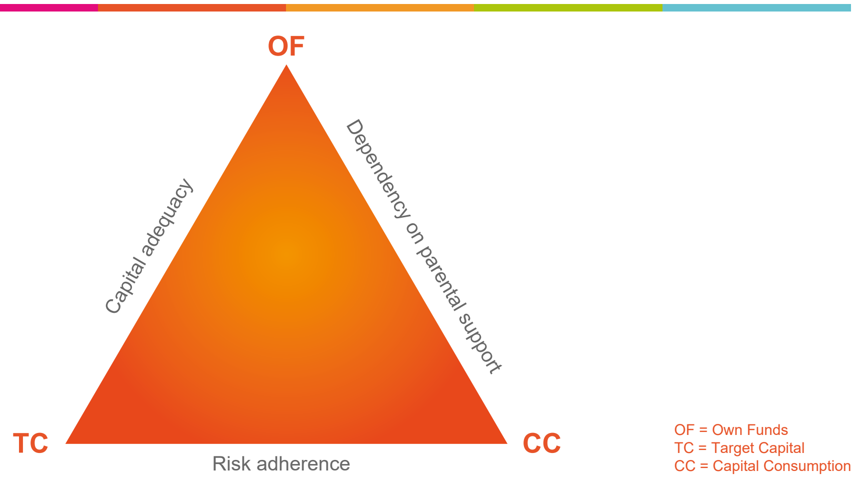
The Risk Appetite & Capital Management framework foresees possible management actions along three axes.

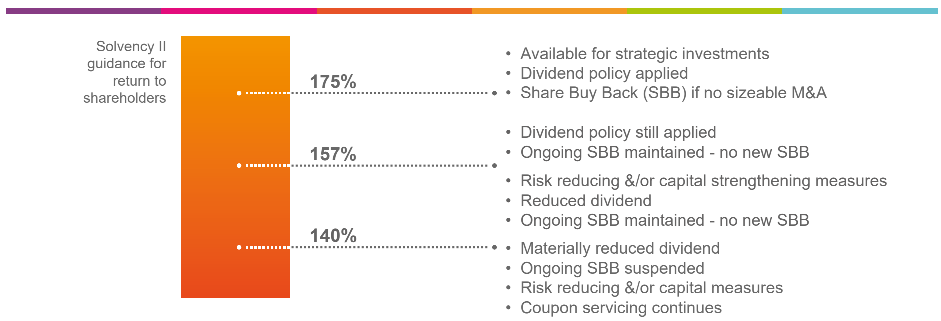
The main objectives of the risk appetite framework are to ensure that:

- 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, being the level of buffer capital consumed by the current risk profile, consistent with a 1 in 30 year loss) 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%.





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 RISK TAXONOMY

FINANCIAL RISKS	INSURANCE RISKS	OPERATIONAL RISKS	STRATEGIC & BUSINESS RISKS
Market risk	Life risk	Employment practices & workplace safety	Strategic risk
Default risk	Non-life risk	Execution, delivery & process management	Change risk
Liquidity risk (assets & liabilities)	Health risk	Technology	Industry risk
Intangible assets risk		Internal fraud	Systemic risk
		External fraud	Sustainability risk
		Damage to physical assets (incl. physical security)	
		Clients, products, business & legal practices	
		Conduct	
		Regulatory compliance	
		Third party	
		Statutory reporting, disclosure & tax	
		Business continuity, crisis management & operational resilience	
		Data management	
		Information Security (incl. cyber)	
		Model	

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 what actions need 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[7] 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 strategic risks, sustainability risks… External sources include industry reports and market available information.

The top risks that Ageas faced during 2020 are:

- Volatile / unfavourable market movements (including impacts due to the COVID-19 pandemic).
- Prolonged low interest rate or sudden rise of interest rate combined with mass lapses.
- Information Security risk (including cyber and data protection).

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 included a transition period until 2020 Year End, during which EU laws continued to apply to the United Kingdom and negotiations in respect of a trade agreement took place.

On 24th December 2020, the EU and UK negotiators agreed on the "EU-UK Trade and Cooperation Agreement" (TCA). The TCA sets out preferential arrangements in several areas, including trade in goods and services, and "goes beyond traditional free trade agreements"[8]. The TCA has been provisionally applicable since 1st January 2021.

The main risks for Ageas which continue to be monitored include:

- Restrictions on the ability to transfer personal data between the European Union and the United Kingdom - the TCA provides a stay of execution regarding this, whereby data transfers to the UK from the EU are not to be treated as made to a third country. This lasts until an adequacy agreement is granted, or until 1st May 2021. If no adequacy decision has been issued by that date, then there is an automatic extension until 1st July 2021, unless either party objects.
- Crossborder (re)insurance activities (loss of passporting rights). Impacts are analysed as limited for the UK business in relation to the small volume of business sold in Ireland. In Europe, the impact is analysed in relation with counterparties on the asset management side of European operating companies – the situation continues to be monitored and Ageas has been progressively working with European counterparties. Most business partners of Ageas entities (e.g. UK-based banks, brokers and other intermediaries) have already established EU-based entities to be able to continue to provide financial services to EU-based customers.
- A divergence in prudential rules (resulting 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). The first divergence has been identified, which does not have any commercial impact (main impact is on internal processes).

7 *Current and future developments linked to the internal and external environment, including strategic objectives - these developments were identified through the Think2030 initiative and 2020 Group Strategy Horizon Scan process.*

8 *https://ec.europa.eu/info/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en.*

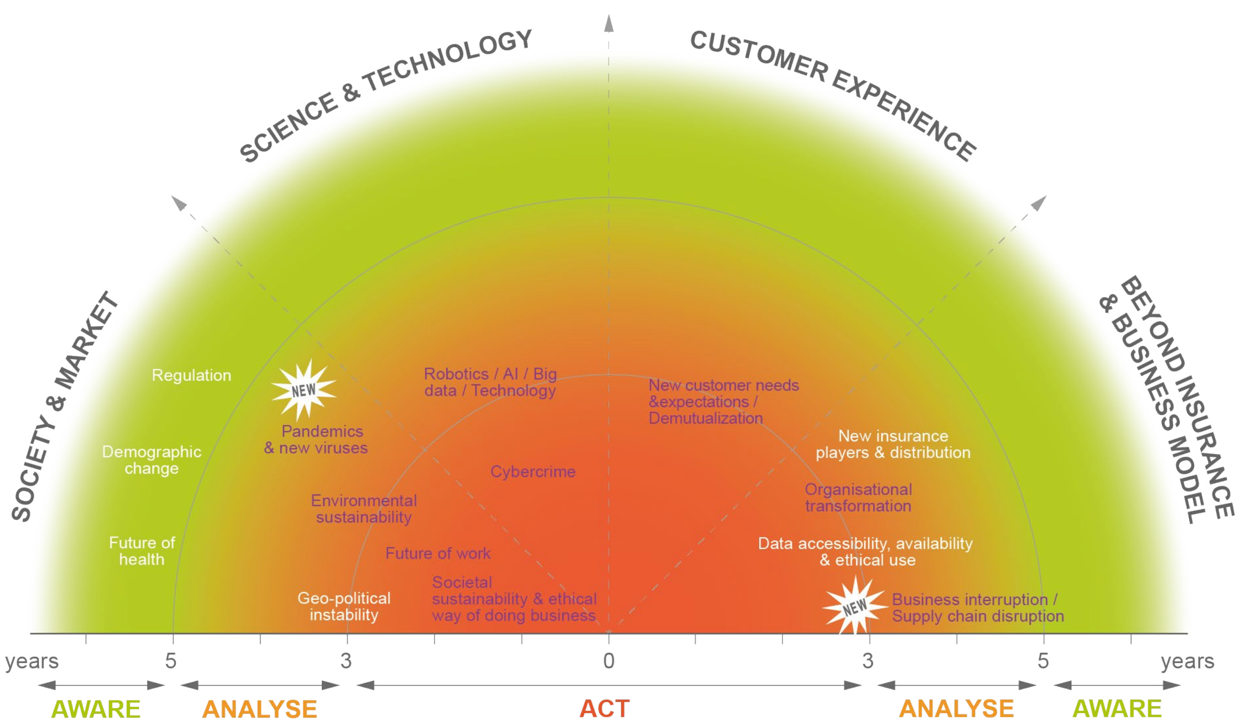
COVID-19

Following the outbreak of the coronavirus which manifested in Wuhan, China during December 2019, the World Health Organisation (WHO), on 11th March 2020, assessed the COVID-19 situation as a pandemic. In order to limit the spread of the virus, governments around the world enforced social distancing measures, large-scale quarantines and travel restrictions.

Over 2020, the virus (re)surged in many regions, and certain countries that had apparent success in containing initial outbreaks saw the number of infected cases rise again – in particular, Europe and North America were hit hard, and although during 2020 Asia had been more successful in containing and controlling the virus spread, COVID-19 cases spiked across the region, once again leading to reinstated lockdown measures.

Ageas Group portfolio has remained resilient during the pandemic due to geographical and product diversification, and as Ageas is not active in commercial lines.

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 – the Group emerging risk radar below reflects the emerging risks identified as at Q4 2020 (risks in purple represent those accelerated by COVID-19):



Ageas has established corresponding mitigating actions and initiatives for top risks and emerging risks at both the Group and local levels. These actions and initiatives are followed up on a quarterly basis.

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
g. inflation risk

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 rates have been defined as a strategic risk with focus on fixed/variable cost structure.

The table below shows the gross impact on the IFRS income statement and IFRS equity as a result of a decrease in the interest rates for consolidated entities. An upwards/downwards shock is applied, corresponding to a 1/30 years return period (around 75bps on average). Some entities use a simplified method were a parallel stress of 100bps is considered.

		2020		2019
	Impact on income statement	Impact on IFRS Equity	Impact on income statement	Impact on IFRS Equity
Interest - rate down	4	433		11
Interest - rate up	(8)	(1,389)	1	(1,116)

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.

	2020	2019
Type of asset		
Direct equity investments	2,523	2,301
Equity funds	691	490
Private equity	118	103
Asset allocation funds	41	53
Total Economic equity exposure	**3,373**	**2,947**
Debt funds	417	414
Money market funds	244	350
Real estate funds (SICAFI/REITS)	1,002	1,065
Total IFRS equity exposure	**5,036**	**4,776**
of which:		
Available for Sale (see note 10)	4,875	4,649
Held at Fair Value (see note 10)	161	128

Sensitivities

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of an equity shock corresponding to a 1/30 years return period down (around 30% for EAA listed equities) for consolidated entities.

	Impact on income statement	2020 Impact on IFRS Equity	Impact on income statement	2019 Impact on IFRS Equity
Equity risk downwards	(170)	(888)	(108)	(616)

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 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 Ageas typically holds these assets to maturity in line with its long-term illiquid liabilities. Although short-term volatility can be significant, it is unlikely that Ageas would be forced to sell at distressed prices, even though Ageas can choose to liquidate these assets if it considers this 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 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 sensitivities considered for the impact of credit spread widening on the income statement and IFRS equity depend on the credit rating and duration of the asset considered. These stresses correspond to a 1/30 return period, and range between +70bps for AAA rated assets to +200bps for BBB rated assets. Some operating entities apply a simplified method where the entire credit portfolio is shocked by +100bps.

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of a spread sensitivity shock.

	Impact on income statement	2020 Impact on IFRS Equity	Impact on income statement	2019 Impact on IFRS Equity
Spread risk – Credit spread widening	(15)	(1,385)	(3)	(969)

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 within 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 2020	HKD	GBP	USD	CNY	INR	MYR	PHP	THB	VND	RON	TRY	Other
Total assets	343	3,639	963	2,078	284	462	95	1,271	17	29	67	67
Total liabilities	10	2,620	1							1		5
Total assets minus liabilities	333	1,019	962	2,078	284	462	95	1,271	17	28	67	62
Off balance		(21)	(462)									
Net position	333	998	500	2,078	284	462	95	1,271	17	28	67	62
Of which invested in subsidiaries and equity associates	324	1,003	64	2,078	269	462	54	1,271	17	29	67	

At 31 December 2019	HKD	GBP	USD	CNY	INR	MYR	PHP	THB	VND	RON	TRY	Other
Total assets	6	3,824	1,081	1,742	225	480	90	1,499	17	26	83	50
Total liabilities	11	2,804	34							1		6
Total assets minus liabilities	(5)	1,020	1,047	1,742	225	480	90	1,499	17	25	83	44
Off balance		(2)	(590)									
Net position	(5)	1,018	457	1,742	225	480	90	1,499	17	25	83	44
Of which invested in subsidiaries and equity associates	(5)	998	76	1,742	219	480	57	1,499	14	26	83	

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.

	2020	2019
Type of asset		
Carrying amount		
Investment properties (see note 11)	2,889	2,603
PP&E: land and buildings for own use		
and Car parks (see note 16)	1,678	1,572
Property intended for sale (see note 15)	228	194
Total (at amortised cost)	**4,795**	**4,369**
Real estate funds (at fair value)	1,002	1,065
Total IFRS real estate exposure	**5,797**	**5,434**
Unrealised capital gain (Economic exposure)		
Investment properties (see note 11)	1,270	1,303
PP&E: land and buildings for own use (see note 16)	623	624
Total Economic real estate exposure	**7,690**	**7,361**

Sensitivities

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of a property stress corresponding to a 1/30 return period (on average 14%).

	Impact on income statement	2020 Impact on IFRS Equity	Impact on income statement	2019 Impact on IFRS Equity
Property risk downwards	(189)	(281)	(151)	(326)

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.

G. INFLATION RISK

Inflation risk arises through the impact of the level or volatility of inflation rates on the value of assets & liabilities.

Ageas does not actively seek to take on inflation risk; however, it may choose to hold assets whose returns are explicitly linked to inflation. Moreover, some insurance liabilities are explicitly or implicitly to inflation rates. Where Ageas considers that the inflation risk is not adequately covered in under the regulatory capital regime or through indirect methods, it may consider an explicit add-on for inflation risk under Pillar II. This is currently done in countries with material inflation risk related to annuities stemming from Workmen's Compensation policies.

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 2020	Government and official Institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	36,168	16,502	6,820	1,619	81	61,190
UK	332	1,127	1,578		39	3,076
Continental Europe	6,867	3,017	669	22	92	10,667
- *France*	*2,192*	*889*	*70*	*22*	*42*	*3,215*
- *Portugal*	*4,675*	*2,128*	*599*		*50*	*7,452*
Asia		4			1	5
Reinsurance	500	833	114		8	1,455
General Account and eliminations*		1,210	(1,435)		211	(14)
Total	**43,867**	**22,693**	**7,746**	**1,641**	**432**	**76,379**

31 December 2019	Government and official Institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	35,738	17,586	4,868	1,558	94	59,844
UK	421	1,252	1,526		42	3,241
Continental Europe	6,918	3,265	420	21	96	10,720
- *France*	*2,098*	*821*	*56*	*20*	*37*	*3,032*
- *Portugal*	*4,820*	*2,444*	*364*		*60*	*7,688*
Asia		5				5
Reinsurance	278	688	35			1,001
General Account and eliminations	1	2,191	(1,002)			1,190
Total	**43,356**	**24,986**	**5,847**	**1,579**	**233**	**76,001**

* *The line 'General Account and eliminations' in 2020 is mainly linked to the reinsurance programme and Group Treasury.*

The table below provides information on the concentration of credit risk as at 31 December by type and location of counterparty.

31 December 2020	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	22,153	2,281	1,833	1,619	245	28,131
UK	216	1,544	820		48	2,628
Continental Europe	21,388	15,204	5,075	22	82	41,771
- *France*	*6,706*	*4,769*	*1,337*	*22*	*57*	*12,891*
- *Portugal*	*2,882*	*352*	*166*		*10*	*3,410*
- *Other*	*11,800*	*10,083*	*3,572*		*15*	*25,470*
Asia		279			1	280
Other countries	110	3,385	18		56	3,569
Total	**43,867**	**22,693**	**7,746**	**1,641**	**432**	**76,379**

31 December 2019	Government and official institutions	Credit Institutions	Corporate Customers	Retail Customers	Other	Total
Belgium	21,641	2,299	1,710	1,559	50	27,259
UK	306	2,215	898		44	3,463
Continental Europe	21,322	16,510	3,228	20	89	41,169
- *France*	*6,639*	*5,044*	*949*	*20*	*53*	*12,705*
- *Portugal*	*2,867*	*399*	*200*		*52*	*3,518*
- *Other*	*11,815*	*11,067*	*2,080*		*(16)*	*24,946*
Asia		299				299
Other countries	87	3,663	11		50	3,811
Total	**43,356**	**24,986**	**5,847**	**1,579**	**233**	**76,001**

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-	21,127	14,675
French Republic	AA	6,749	4,827
Portuguese Republic	BBB-	4,806	4,002
Republic of Austria	AA+	2,790	2,047
Kingdom of Spain	A-	2,487	1,708
Federal Republic of Germany	AAA	1,660	1,247
Republic of Italy	BBB-	1,659	1,583
Region Wallonne	A	1,190	1,048
European Investment Bank	AAA	1,179	924
BNP Paribas SA	A+	1,137	1,329
Total		**44,784**	**33,389**

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 credit exposures can be found in note 9 Cash and cash equivalents, note 12 Loans, note 27 Derivatives held for Trading and note 28 Commitments.

The table below provides information on the impaired credit risk exposure as at 31 December.

	Impaired outstanding	Impairments for specific credit risk	2020 Coverage ratio	Impaired outstanding	Impairments for specific credit risk	2019 Coverage ratio
Interest bearing investments (see note 10)	10	(22)	220.0%	6	(20)	318.7%
Loans (see note 12)	48	(26)	54.2%	61	(27)	44.6%
Other receivables (see note 14)	34	(54)	158.8%	27	(49)	183.2%
Total impaired credit exposure	**92**	**(102)**	**110.9%**	**95**	**(97)**	**102.4%**

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 sovereigns 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 Ageas Risk Committee.

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.

The credit rating applied by Ageas is based on the second best available rating 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.

	2020 Carrying value	2019 Carrying value
Investment grade		
AAA	1,361	1,389
AA	2,235	2,187
A	2,119	1,537
BBB	170	212
Investment grade	5,885	5,325
Below investment grade		
Unrated	6,363	4,599
Residential mortgages	1,179	1,176
Total investments in loans, gross	13,427	11,100
Impairments	(29)	(28)
Total investments in loans, net (see note 12)	**13,398**	**11,072**

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.

	2020 Carrying value	2019 Carrying value
Investment grade		
AAA	4,359	4,763
AA	31,065	31,325
A	8,907	8,776
BBB	12,385	12,328
Investment grade	56,716	57,192
Below investment grade	277	317
Unrated	1,665	1,707
Total investments in interest bearing securities, net	58,658	59,217
Impairments	22	20
Total investments in interest bearing securities, gross (see note 10)	**58,680**	**59,237**

GOVERNMENT BONDS

The table below provides information on the credit quality of government bonds.

	31 December 2020	31 December 2019
By IFRS classification		
Available for sale	34,302	33,921
Held at fair value through profit or loss		1
Held to maturity	4,416	4,438
Total government bonds (see note 10)	**38,718**	**38,360**
By rating		
AAA	2,273	2,283
AA	28,261	28,227
A	3,604	3,416
BBB	4,532	4,392
Total investment grade	38,670	38,318
Below investment grade	27	31
Unrated	21	12
Total non-investment grade and unrated	48	42
Total government bonds	**38,718**	**38,360**

CORPORATE BONDS

The table below provides information on the credit quality of corporate bonds.

	31 December 2020	31 December 2019
By IFRS classification		
Available for sale	12,526	12,591
Total corporate bonds (see note 10)	**12,526**	**12,591**
By rating		
AAA	41	41
AA	876	1,008
A	3,687	3,553
BBB	6,781	6,752
Total investment grade	11,385	11,354
Below investment grade	239	268
Unrated	902	970
Total non-investment grade and unrated	1,141	1,237
Total corporate bonds	**12,526**	**12,591**

BANKS AND OTHER FINANCIALS

The table below provides information on the credit quality of banks and other financial institutions.

	31 December 2020	31 December 2019
By IFRS classification		
Available for sale	7,229	8,082
Held at fair value through profit or loss	130	119
Total banking and other financials (see note 10)	**7,359**	**8,202**
By rating		
AAA	2,037	2,431
AA	1,916	2,071
A	1,604	1,792
BBB	1,072	1,184
Total investment grade	6,629	7,479
Below investment grade	10	17
Unrated	720	705
Total non-investment grade and unrated	730	723
Total banks and other financials	**7,359**	**8,202**

B. COUNTERPARTY DEFAULT RISK

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, diversified mortgage portfolios, and other credit exposure not covered elsewhere.

Counterparty default risk can arise due to the purchase of reinsurance or other risk mitigation contracts. 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. Ageas keeps a cash position in order to be able to withstand adverse liquidity conditions if and when arising. Special attention is paid to the messages from central banks on potential changes in monetary policy stance. 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.

An overview of expected outflows stemming from insurance liabilities (other than unit-linked) can be found below. These cash flows reflect an actuarial Best Estimate using Solvency II contract boundaries. Note that the Group aggregate liability outflows are not used for management purposes, as liquidity is managed within the individual insurance companies.

Net cash outflows from insurance liabilities as at 31 December 2020	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
Policyholder liabilities, excluding unit-linked business, net of reinsurance	7,243	6,559	5,891	5,720	4,233

Net cash outflows from insurance liabilities as at 31 December 2019	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024
Policyholder liabilities, excluding unit-linked business, net of reinsurance	8,654	6,245	6,194	5,561	5,594

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.

For risk monitoring Ageas considers the Solvency II Solvency Capital Requirement (SCR) per sub-risk. In the table below, the SCR for each type of Underwriting Risk is displayed, indicating the relative levels of risk and capital consumption.

Composition of SCR related to insurance risk	31 December 2020	31 December 2019
Life Underwriting Risk	842	775
Health Underwriting Risk	331	321
Non-Life Underwriting Risk	796	809

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 where the risks are completely born by the policyholders in case of lapse. In some markets, fiscal incentives also mitigate the lapse risk.

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.

H. SENSITIVITIES ON TECHNICAL PROVISIONS

Ageas's main tool for monitoring the sensitivity of the life insurance liabilities to underwriting risks is the quarterly risk reporting, which contains the capital requirements by sub-risk. For consolidated entities subject to Solvency II or equivalent regimes, these capital requirements reflect the impact on Solvency II Own Funds under highly stressed underwriting assumptions (e.g. lapse rates, mortality rates, disability and morbidity rates, expenses, …) corresponding to a 1 in 200 stress.

The majority of Life technical provisions at Ageas relate to Savings & Pension business. As a result, the main uncertainties to Ageas's life insurance liabilities are related to market risks such as the level of fixed income spread levels, risk asset returns, and the term structure of interest rates, rather than underwriting risks such as lapse, mortality or expense risks. For Protection, Annuity or Health products, the relative importance of underwriting risks can be more important for individual entities, however these are not the main risks at the Group level.

Based on this, Ageas does not regularly report quantitative first order sensitivities on a Group-wide basis. Instead, these risks are monitored as part of the regular risk reporting which takes an economic view.

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[9], 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.

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 follows 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 combined ratio and loss ratio can be found in the note 8 Segment reporting.

9 *E.g. ENID (Events not in data) events.*

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 2020	Impact on pre-taxation result at 31 December 2019
Expenses -10%	123	118
Claims costs 5%	(107)	(116)

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 lines such as Workmen's compensation or Motor Liability) are included in the reconciliation lines.

All amounts in the table are calculated at the applicable exchange rates at year-end 2020.

The loss reserve development table per accident year is as follows.

Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Payments at:										
N	1,011	1,008	963	1,072	1,049	1,287	1,200	1,209	1,228	1,158
N + 1	497	474	484	493	503	489	504	519	485	
N + 2	129	115	110	125	129	117	113	125		
N + 3	68	86	72	79	98	86	89			
N + 4	48	64	57	59	49	69				
N + 5	27	48	30	49	45					
N + 6	18	21	17	22						
N + 7	10	16	17							
N + 8	10	12								
N + 9	8									
Cost of claims: (Cumulative Payments + Outstanding claims reserves)										
N	2,021	2,021	2,005	2,109	2,100	2,529	2,309	2,301	2,350	2,163
N + 1	1,949	1,988	1,951	2,091	2,084	2,525	2,284	2,335	2,242	
N + 2	1,939	1,993	1,896	2,094	2,137	2,427	2,257	2,305		
N + 3	1,914	1,971	1,882	2,107	2,075	2,320	2,200			
N + 4	1,889	1,994	1,913	2,070	2,027	2,306				
N + 5	1,913	1,997	1,900	2,030	2,032					
N + 6	1,918	1,979	1,873	2,020						
N + 7	1,909	1,967	1,864							
N + 8	1,897	1,966								
N + 9	1,895									
Ultimate loss, estimated at initial date	2,021	2,021	2,005	2,109	2,100	2,529	2,309	2,301	2,350	2,163
Ultimate loss, estimated at prior year	1,897	1,966	1,872	2,030	2,026	2,321	2,257	2,335	2,350	
Ultimate loss, estimated at current year	1,894	1,965	1,864	2,020	2,032	2,307	2,199	2,305	2,241	2,163
Surplus (deficiency) current year vs initial accident year	127	56	141	89	68	222	110	(4)	109	
Surplus (deficiency) current year vs prior year	3	1	8	10	(6)	14	58	30	109	

Outstanding claims reserves prior to 2011	455
Outstanding claims reserves from 2011 to 2020	3,123
Other claims liabilities (not included in table)	2,019
Claims with regard to workers' compensation and health care	1,515
Total claims reserves in the statement of financial position	**7,112**

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 2020.

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 a number of sub-risks: Employment Practices and Workplace Safety, Execution, Delivery and Process Management, Technology, Internal Fraud, External Fraud, Damage to Physical Assets (including physical security), Clients, Products Business & Legal Practice, Conduct, Regulatory Compliance, Third Party, Statutory Reporting, Disclosure & Tax, Business Continuity, Crisis Management & Operational Resilience, Data Management, Information Security (including Cyber), and Model risk.

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.

One of the top operational risks faced by Ageas Group in 2020 relates to information security risk (including cyber and data protection). In order to improve the management of information security risk, Ageas is consolidating Security Operation Centre (SOC) activities, which will allow faster and more targeted information security incident detection and response. Regular vulnerability assessments and penetration testing, complemented with ethical hacking will be part of the activities of the SOC. Additionally, dedicated assessments on Data Protection and Information Security are performed at least on a yearly basis.

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.

4.7.4.1 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.

4.7.4.2 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).

4.7.4.3 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.
- Geopolitical that may impact our ability to maintain / develop business in different countries where we operate / intend to operate;
- Propensity / Changing client behaviours;
- 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.

4.7.4.4 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.

4.7.4.5 Sustainability risk
A sustainability risk is an uncertain environmental, social or governance (ESG) event that, if it occurs, can cause a significant negative impact on Ageas. It includes the opportunities that may be available to Ageas because of changing environmental or social factors.

Environmental relates to the quality and functioning of the natural environment and natural systems, and our positive contribution towards it.

Social relates to the rights, well-being and interests of people and communities.

Governance relates to elements such as Board structure, size, Executive pay, shareholder rights, stakeholder interaction…
The impacts of ESG risks are considered & reported along two axis:

- Physical Risk – assess the impact on the business due to physical risks materialising (e.g. damage to real estate portfolio, people well-being due to prolonged confinements / rapid changes in work culture, technology…).
- Transition risk – assess the impact on the business due to the transition measures taken / being deployed towards supporting a greener economy.

4.7.5 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 of Ageas (in EUR mio)

2020	Probable Maximum Loss per risk	Probable Maximum Loss per event
Product		
Motor, Third Party liability	4	4
Terrorism		49
Property	4	95
General Third Party Liability	4	7
Workmen's Compensation	3	3
Personal Accident	3	3

The table shows the highest amount (capped at a 200 years return period) 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 property 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 premiums ceded to reinsurers by product line are presented in note 30 'Insurance premiums'.

5

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, with the exception of Interparking, which is proportionally consolidated in Solvency II and fully consolidated in IFRS. 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 and the grandfathering of issued hybrid debt.

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 2020	31 December 2019
IFRS Equity	**13,774**	**13,481**
Shareholders' equity	11,555	11,221
Non-controlling interest	2,219	2,260
Qualifying Subordinated Liabilities	**2,936**	**3,117**
Scope changes at IFRS value	**(5,326)**	**(4,927)**
Exclusion of expected dividend	(485)	(490)
Proportional consolidation	(296)	(343)
Derecognition of Equity Associates	(4,545)	(4,095)
Valuation differences - (unaudited)	**(2,472)**	**(1,999)**
Revaluation of Property Investments	1,667	1,885
Derecognition of parking concessions	(360)	(531)
Derecognition of goodwill	(596)	(614)
Revaluation of Insurance related balance sheet items - (unaudited)		
(Technical Provisions, Reinsurance Recoverables, VOBA and DAC)	(8,137)	(6,852)
Revaluation of assets which, under IFRS are not accounted for at fair value		
(Held to Maturity Bonds, Loans, Mortgages)	4,442	3,654
Tax impact on valuation differences	617	500
Other	(106)	(41)
Total Solvency II Own Funds - (unaudited)	**8,912**	**9,671**
Non Transferable Own Funds	(1,043)	(1,018)
Total Eligible Solvency II Own Funds - (unaudited)	**7,869**	**8,653**
Group Required Capital under Partial Internal Model (SCR) - (unaudited)	3,962	4,254
Capital Ratio	**198.6%**	**203.4%**

	31 December 2020	31 December 2019
Total Eligible Solvency II Own Funds, of which - (unaudited):	**7,869**	**8,653**
Tier 1	5,048	5,502
Tier 1 restricted	1,205	1,376
Tier 2	1,537	1,668
Tier 3	79	107

Own Funds decreased from EUR 8,653 million at Q4 2019 to EUR 7,869 million at Q4 2020 explained by payment of participations in Asia not included in SII, decreasing yield curve, Share Buy Back and expected dividends.

Non-transferable Own Funds relate to third party interests.

The composition of the capital solvency requirements can be summarised as follows:

	31 December 2020	31 December 2019
Market Risk	4,648	4,821
Counterparty Default Risk	325	358
Life Underwriting Risk	842	775
Health Underwriting Risk	331	321
Non-Life Underwriting Risk	796	809
Diversification between above mentioned risks	(1,549)	(1,535)
Non Diversifiable Risks	537	535
Loss-Absorption through Technical Provisions	(1,193)	(1,035)
Loss-Absorption through Deferred Taxes	(774)	(796)
Group Required Capital under		
Partial Internal Model (SCR) - (unaudited)	**3,962**	**4,254**
Impact of Non-Life Internal Model on Non-Life Underwriting Risk	245	254
Impact of Non-Life Internal Model on Diversification and other risks	(122)	(117)
Impact of Non-Life Internal Model		
on Loss-Absorption through Deferred Taxes	8	1
Group Required Capital under the SII Standard Formula - (unaudited)	**4,093**	**4,392**

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 2020	31 December 2019
Group Partial Internal Model SCR	**3,962**	**4,254**
Exclude impact General Account	(71)	(70)
Insurance Partial Internal Model SCR	**3,891**	**4,183**
Impact of Real Estate Internal Model	(271)	(445)
Additional Spread Risk	623	282
Less Diversification	11	35
Less adjustment Technical Provision	(80)	(150)
Less Deferred Tax Loss Mitigation	(72)	2
Group SCR ageas	**4,103**	**3,907**

	31 December 2020	31 December 2019
Group Eligible Solvency II Own Funds under Partial Internal Model	**7,869**	**8,653**
Exclusion of General Account	(289)	(720)
Revaluation of Technical Provision	(221)	(196)
Recognition of Parking Concessions	362	245
Recalculation of Non Transferable	40	(67)
Group Eligible Solvency II ageas Own Funds	**7,761**	**7,915**

Group SCR_{ageas} increased from EUR 3,907 million at Q4 2019 to EUR 4,104 million at Q4 2020 mainly explained by market risk drivers:

- Spread risk increases due to a credit model change introduced for the major life companies in Q4 2020.
- The increase in equity & property risk is mainly explained by new investments. This re-risking demonstrates the search for yield but is applied within the predefined risk appetite limits.

This increase is partly mitigated by more Loss Absorbing Capacity of Technical Provisions after the introduction of the overflow account. This overflow account was introduced in the modelling framework to better reflect how the financial result is managed in going concern. The previous model realized capital gains and losses in a way consistent with Solvency II contract boundaries (run-off view), which gave a distorted view of the future financial margin realized in going concern.

			31 December 2020			31 December 2019
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	5,882	3,019	194.8%	6,262	2,837	220.7%
UK	840	463	181.4%	852	475	179.2%
Continental Europe	1,051	634	165.8%	1,072	632	169.7%
Reinsurance	832	407	204.4%	708	410	172.6%
Non-transferable own funds / Diversification	(844)	(419)		(979)	(448)	
Total Insurance	**7,761**	**4,104**	**189.1%**	**7,915**	**3,907**	**202.6%**
General Account including elimination and diversification	295	68		719	66	
Total Ageas	**8,056**	**4,172**	**193.1%**	**8,634**	**3,973**	**217.3%**

The Target capital ratio is set at 175% based on SCR_{ageas}.

6

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.

	2020	2019
Post-employment benefits - defined benefit plans - pensions	825	742
Other post-employment benefits	153	140
Other long-term employee benefits	18	17
Termination benefits	4	5
Total net defined benefits liabilities (assets)	**1,000**	**904**

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.

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 million in 2020 (2019: EUR 11 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 2020 (1.75% on 1 January 2019).

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	
	2020	2019	2020	2019
Present value of funded obligations	307	286		
Present value of unfunded obligations	862	785	153	140
Defined benefit obligation	**1,169**	**1,071**	**153**	**140**
Fair value of plan assets	(353)	(343)		
	816	**728**	**153**	**140**
Asset ceiling / minimum funding requirement	8	12		
Other amounts recognised in the statement of financial position	1	2		
Net defined benefit liabilities (assets)	**825**	**742**	**153**	**140**
Amounts in the statement of financial position:				
Defined benefit liabilities	870	792	153	140
Defined benefit assets	(45)	(50)		
Net defined benefit liabilities (assets)	**825**	**742**	**153**	**140**

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 (2020: EUR 531 million; 2019: EUR 538 million), resulting in a net liability of EUR 294 million in 2020 (2019: EUR 204 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
	2020	2019	2020	2019
Net defined benefit liabilities (assets) as at 1 January	**742**	**644**	**140**	**133**
Total defined benefit expense	59	53	5	5
Employer's contributions	(3)	(18)		
Participants' contributions paid to the employer	2	2		
Benefits directly paid by the employer	(37)	(40)	(3)	(3)
Foreign exchange differences	1	(1)		
Other	1	22		
Remeasurement	60	80	11	5
Net defined benefit liabilities (assets) as at 31 December	**825**	**742**	**153**	**140**

The table below shows the changes in the defined benefit obligation.

		Defined benefit pension plans		Other post-employment benefits
	2020	2019	2020	2019
Defined benefit obligation as at 1 January	**1,071**	**932**	**140**	**133**
Current service cost	53	43	4	3
Interest cost	10	15	1	2
Past service cost - vested and non-vested benefits	2	3		
Curtailments		1		
Settlements		(23)		
Remeasurement	93	130	11	5
Participants' contributions paid to the employer	2	2		
Benefits paid	(13)	(13)		
Benefits directly paid by the employer	(37)	(40)	(3)	(3)
Transfer		12		
Foreign exchange differences	(12)	9		
Defined benefit obligation as at 31 December	**1,169**	**1,071**	**153**	**140**

The following table shows the changes in the fair value of plan assets.

Defined benefit pension plans	2020	2019
Fair value of plan assets as at 1 January	**343**	**306**
Settlements		(22)
Interest income	5	8
Remeasurement (return on plan assets, excluding effect of interest rate)	29	45
Employer's contributions	2	17
Benefits paid	(12)	(13)
Transfer		12
Foreign exchange differences	(13)	11
Other	(1)	(21)
Fair value of plan assets as at 31 December	**353**	**343**

The following table shows the changes in the asset ceiling and/or minimum funding requirement.

	2020	2019
Asset ceiling / minimum funding requirement as at 1 January	**12**	**17**
Remeasurement	(4)	(5)
Asset ceiling / minimum funding requirement as at 31 December	**8**	**12**

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	
	2020	2019	2020	2019
Current service cost	53	43	4	3
Net interest cost	5	7	1	2
Past service cost - vested and non-vested benefits	2	3		
Curtailments		1		
Settlements	(1)	(1)		
Total defined benefit expense	**59**	**53**	**5**	**5**

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	
	2020	2019	2020	2019
Return on plan assets, excluding effect of interest rate	(29)	(45)		
Remeasurement on asset ceiling / minimum funding requirement	(4)	(5)		
Actuarial (gains) losses with regard to:				
change in demographic assumptions		13	14	5
change in financial assumptions	96	108		11
experience adjustments	(3)	9	(3)	(11)
Remeasurement on net defined liability (asset)	**60**	**80**	**11**	**5**

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.

2020	Defined benefit pension plans	Other post-employment benefits
Weighted average duration of defined benefit obligation	15	23

The following table shows the principal actuarial assumptions made for the eurozone countries.

	Defined benefit pension plans				Other post-employment benefits			
	2020		2019		2020		2019	
	Low	High	Low	High	Low	High	Low	High
Discount rate	0.0%	0.6%	0.3%	1.1%	0.5%	0.6%	0.9%	1.0%
Future salary increases (price inflation included)	1.5%	4.1%	1.5%	4.8%				
Future pension increases (price inflation included)	1.5%	1.7%	1.5%	1.8%				
Medical cost trend rates					2.0%	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 0.01% to 0.64%. The future salary increases varied in 2020 from 1.50% for the older employee group to 4.10% for the younger ones.

The following table shows the principal actuarial assumptions made for other countries.

Defined benefit pension plans	2020	2019
Discount rate	1.3%	2.0%
Future salary increases (price inflation included)	0.0%	3.3%

The eurozone represents 80% 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	
	2020	2019	2020	2019
Defined benefit obligation	1,169	1,071	153	140
Effect of changes in assumed discount rate:				
One-percent increase	(13.0%)	(12.9%)	(19.5%)	(19.9%)
One-percent decrease	16.3%	16.2%	25.8%	26.0%
Effect of changes in assumed future salary increase:				
One-percent increase	11.4%	12.0%		
One-percent decrease	(9.4%)	(9.9%)		
Effect of changes in assumed pension increase:				
One-percent increase	8.8%	9.1%		
One-percent decrease	(7.6%)	(7.9%)		

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
	2020	2019
Defined benefit obligation	153	140
Effect of changes in assumed medical costs and trend rates:		
One-percent increase	25.1%	23.4%
One-percent decrease	(18.7%)	(17.6%)

The asset mix of the plan assets for pension obligations is as follows.

	31 December 2020	%	31 December 2019	%
Equity securities	65	18.4%	65	19.1%
Debt securities	157	44.5%	144	42.0%
Insurance contracts	30	8.5%	28	8.0%
Real estate	41	11.6%	45	13.2%
Cash	6	1.7%	5	1.5%
Other	54	15.3%	56	16.2%
Total	353	100.0%	343	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 2020	%	31 December 2019	%
Equity securities	35	6.4%	28	5.2%
Debt securities	432	79.3%	445	80.8%
Insurance contracts	14	2.6%	11	2.1%
Real estate	57	10.5%	58	10.5%
Convertible bonds	10	1.8%	7	1.2%
Cash	(3)	(0.6%)	1	0.2%
Total	**545**	**100.0%**	**550**	**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 2020 are as follows.

	Defined benefit pension plans
Expected contribution next year to plan assets	2
Expected contribution next year to unqualified plan assets	37

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).

	2020	2019
Defined benefit obligation	18	17
Net defined benefit liabilities (assets)	**18**	**17**

The following table shows the changes in liabilities for other long-term employee benefits during the year.

	2020	2019
Net liability as at 1 January	17	16
Total expense	1	2
Benefits directly paid by the employer		(1)
Net liability as at 31 December	18	17

The table below provides the range of actuarial assumptions applied when calculating the liabilities for other long-term employee benefits.

		2020		2019
	Low	High	Low	High
Discount rate	0.03%	0.29%	0.32%	0.57%
Future salary increases	2.00%	4.10%	2.05%	4.15%

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).

	2020	2019
Current service cost	1	1
Net actuarial losses (gains) recognised immediately		1
Total expense	**1**	**2**

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).

	2020	2019
Defined benefit obligation	4	5
Net defined benefit liabilities (assets)	**4**	**5**

The following table shows the changes in liabilities for termination benefits during the year.

	2020	2019
Net liability as at 1 January	**5**	**5**
Total expense	1	2
Benefits directly paid by the employer	(2)	(2)
Net liability as at 31 December	**4**	**5**

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).

	2020	2019
Current service cost	1	2
Total expense	**1**	**2**

6.2 Employee share and share-linked incentive plans

Ageas's remuneration package for its employees and Executive Committee and Management 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 4.7.11.

For 2016 no plan was granted, for 2017 a total of 71,870 performance shares were committed to be granted, for 2018 a total of 35,612 performance shares were committed to be granted and for 2019 a total of 51,393 shares were committed to be granted.

For performance year 2020 a total of 53,269 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)	2021	2020
Number of restricted shares committed to be granted as at 1 March	**212**	**159**
Restricted shares (cancelled)		
Restricted shares vested		
Number of restricted shares committed to be granted as at 31 December		**159**

6.2.2 Share-linked incentives

In 2018, 2019 and 2020 Ageas launched a share-linked incentive plan for its senior management. Depending 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 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);
- between 0 and the value of 135,480 Ageas shares on 1 April 2023 (plan 2020).

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 2020

The Board of Directors currently consists of fifteen members: Bart De Smet (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, Hans De Cuyper (CEO), Christophe Boizard (CFO), Filip Coremans (MD Asia), Antonio Cano (MD Europe) and Emmanuel Van Grimbergen (CRO) as Executive Directors.

Jozef De Mey stepped down as Chairman of the Board at the General Meeting of Shareholders on 22 October 2020 and Bart De Smet was appointed as Chairman of the Board of ageas SA/NV. Hans De Cuyper succeeded Bart De Smet as CEO of ageas SA/NV and was appointed as Executive Board Member at the same meeting.

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 is member of the Board of Directors of Ageas UK Ltd. Jozef De Mey was member of the Board of Directors of Ageas UK Ltd until 22 October 22, 2020. 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 1.77 million in the 2020 financial year (2019: EUR 1.56 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. In order to support a seamless transition of Chairmanship, particularly in relation to the Asian joint – ventures, the Board of Directors proposed to grant Jozef De Mey a transition fee of EUR 100.000. This proposal was validated with 87.83% of the shareholder votes at the General Meeting of Shareholders of 22nd October 2020.

The remuneration received by Board of Directors Members in 2020 is detailed in the table below. The number of Ageas shares held by Board Members at 31 December 2020 is reported in the same table.

Incumbent Name (1)	Function (2)	Fixed fees 2020	Attendance fees 2020	Total (4)	Ageas Shares at 31/12/2020 (5)
Bart De Smet	Chairman	20,000	10,500	30,500	29,957
Jozef De Mey (6)	Chairman	100,000	39,500	139,500	-
Guy de Selliers de Moranville	Vice-chairman	60,000	53,000	113,000	240,057 (7)
Jan Zegering Hadders	Non-executive Board member	60,000	40,500	100,500	-
Lionel Perl	Non-executive Board member	60,000	42,000	102,000	-
Richard Jackson	Non-executive Board member	60,000	59,000	119,000	-
Jane Murphy	Non-executive Board member	60,000	49,000	109,000	-
Lucrezia Reichlin	Non-executive Board member	60,000	36,000	96,000	-
Yvonne Lang Ketterer	Non-executive Board member	60,000	61,000	121,000	-
Sonali Chandmal	Non-executive Board member	60,000	40,500	100,500	-
Katleen Vandeweyer	Non-executive Board member	60,000	33,500	93,500	-
Hans De Cuyper	Chief Executive Officer (CEO) (3)	-	-	see infra	3,096
Christophe Boizard	Chief Financial Officer (CFO) (3)	-	-	see infra	21,589
Filip Coremans	Managing Director Asia (MD Asia) (3)	-	-	see infra	8,542
Antonio Cano	Managing Director Europe (MD Europe) (3)	-	-	see infra	11,117
Emmanuel Van Grimbergen	Chief Risk Officer (CRO) (3)	-	-	see infra	6,293
Total		**660,000**	**464,500**	**1,124,500**	**320,651**

(1) Bart De Smet is Chairman as of 22/10/2020, Jozef De Mey was Chairman until 22/10/2020.
Hans De Cuyper became Executive director as of 22/10/2020. All other Board Members were in function from 01-01-2020 until 31-12-2020.
(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. J. De Mey was no longer in function at 31/12/2020.
(6) Not including the transition fee of EUR 100,000.
(7) 240,000 Shares held indirectly via trusts.

The remuneration received by Board of Directors Members in 2020 for their mandates in subsidiaries of Ageas is mentioned in the table below.

Incumbent Name (1)	Function (2)	Fixed fees 2020	Attendance fees 2020	Total (3)
Bart De Smet	Chairman	-	-	-
Jozef De Mey	Chairman	181,132	55,493	236,625
Guy de Selliers de Moranville	Vice-chairman	60,000	37,500	97,500
Jan Zegering Hadders	Non-executive Board member	45,000	31,000	76,000
Lionel Perl	Non-executive Board member	89,138	19,000	108,138
Richard Jackson	Non-executive Board member	45,000	14,000	59,000
Jane Murphy	Non-executive Board member	45,000	22,000	67,000
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	-	-	-
Hans De Cuyper	Chief Executive Officer (CEO)	-	-	-
Christophe Boizard	Chief Financial Officer (CFO)	-	-	-
Filip Coremans	Managing Director Asia (MD Asia)	-	-	-
Antonio Cano	Managing Director Europe (MD Europe)	-	-	-
Emmanuel Van Grimbergen	Chief Risk Officer (CRO)	-	-	-
Total		**465,270**	**178,993**	**644,263**

(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) Bart De Smet is chairman as of 22/10/2020, Jozef De Mey was Chairman until 22/10/2020. Hans De Cuyper was appointed as Executive director as of 22/10/2020.
(3) Excluding reimbursement of expenses.

6.3.2 Remuneration of the Executive Committee Members.

6.3.2.1 Changes in the Executive Committee in 2020

At 31 December 2020, the Executive Committee of Ageas was composed of Hans De Cuyper (CEO), Christophe Boizard (CFO), Filip Coremans (MD Asia), Antonio Cano (MD Europe) and Emmanuel Van Grimbergen (CRO). Hans De Cuyper succeeded Bart De Smet as CEO of Ageas at the General Meeting of Shareholders on 22 October 2020.

6.3.2.2 Total Remuneration 2020 of the Executive Committee

In 2020, the total remuneration including pension contributions and fringe benefits of the Executive Committee amounted to EUR 7,749,540 compared to EUR 6,782,299 in 2019. This was comprised of:

- a fixed remuneration of EUR 2,939,758 (compared to EUR 2,745,688 in 2019) consisting of a base compensation of EUR 2,546,666 and other benefits (health, death & disability cover and company car) of EUR 393,092;
- a variable remuneration of EUR 3,395,201 (compared to EUR 3,149,616 in 2019) consisting of a one year variable remuneration (STI) of EUR 1,676,201 payable in cash over a period of 3 years and a multi-year variable (LTI) in the form of shares of EUR 1,719,000;
- pension expenses of EUR 986,122 (excluding taxes) (compared to EUR 886,995 (excluding taxes) in 2019);
- in line with the remuneration policy and his contractual conditions, Bart De Smet was granted a termination compensation of EUR 856,917. This compensation will be paid over a period of 3 years (50% in 2020, 25% in 2021 and 25% in 2022).

The table below 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 (1)	583,333	-	78,269	398,419	393,750	428,459	257,786	2,140,016	43%	57%
H. De Cuyper (2)	108,333	-	11,513	72,043	73,125	-	27,083	292,097	50%	50%
C. Boizard	485,000	-	98,622	314,524	327,375	-	193,540	1,419,062	55%	45%
E. Van Grimbergen	400,000	-	52,917	249,800	270,000	-	117,559	1,090,275	52%	48%
A. Cano	485,000	-	77,981	317,435	327,375	-	194,592	1,402,383	54%	46%
F. Coremans	485,000	-	73,790	323,980	327,375	-	195,562	1,405,707	54%	46%
Total	**2,546,666**	**-**	**393,092**	**1,676,201**	**1,719,000**	**428,459**	**986,122**	**7,749,540**		

(1) Figures for B. De Smet relate to his role as CEO until 22/10/2020.

(2) Figures for H. De Cuyper relate to his role as CEO as of 22/10/2020.

(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 2020 base compensation levels of the Executive Committee and how they compare to 2019.

Incumbent Name	2020 (1)	2019 (2)	%
Bart De Smet (CEO)	583,333	700,000	83%
Hans De Cuyper (CEO)	108,333	-	-
Christophe Boizard (CFO)	485,000	485,000	100%
Emmanuel Van Grimbergen (CRO)	400,000	233,333	171%
Antonio Cano (MD Europe)	485,000	485,000	100%
Filip Coremans (MD Asia)	485,000	485,000	100%
Total	**2,546,666**	**2,388,333**	**107%**

(1) For Bart De Smet until 22/10/2020 and for Hans De Cuyper as of 22/10/2020.

(2) For Emmanuel Van Grimbergen 2019 figures, pro-rata as of nomination as CRO on June 1st 2019.

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 393,092 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):

- Hans De Cuyper (CEO) : 133% of target;
- Bart De Smet (CEO): 137% of target;
- Christophe Boizard (CFO): 130% of target;
- Emmanuel Van Grimbergen (CRO): 125% of target ;
- Antonio Cano (MD Europe): 131% of target;
- Filip Coremans (MD Asia): 134% of target.

For the performance year 2020, a STI for a total amount of EUR 1,676,201 was granted. 50% of this amount will be paid in 2021 the remaining part is deferred to 2022 and 2023 and will be adjusted for performance accordingly.

The STI paid in 2021 consists of 50% of the STI earned for the performance year 2020, 25% of the STI earned for 2019 and 25% of the STI earned for 2018. The pay-outs corresponding to performance years 2018 and 2019 were adjusted based on performance over the years 2019 and 2020.

You will find below the individual amounts for each member of the Executive Committee:

	STI granted for performance year	STI paid in 2021 for performance years			
Incumbent Name	2020	2020 50%	2019 25%	2018 25%	Total
Bart De Smet (CEO) (1)	398,419	199,209	118,481	104,380	422,070
Hans De Cuyper (CEO) (2)	72,043	36,021	-	-	36,021
Christophe Boizard (CFO)	314,524	157,262	78,087	67,201	302,550
Emmanuel Van Grimbergen (CRO)	249,800	124,900	35,511	-	160,411
Antonio Cano (MD Europe)	317,435	158,717	79,174	67,875	305,766
Filip Coremans (MD Asia)	323,980	161,990	79,174	69,057	310,221
Total	**1,676,201**	**838,099**	**390,427**	**308,513**	**1,537,039**

(1) Until 22 October 2020.

(2) As of 22 October 2020.

LTI ("Multi-Year Variable")

Grant made in 2020

With an Ageas business score of 5 (on a range of 1 to 7), the Board of Directors decided on a grant for 2020 of 150% of the target (i.e. 67.5% of base compensation). Based on the volume weighted average price (VWAP) of EUR 45.6937 of the Ageas share over the month of February 2020, this resulted in a conditional grant of 37,620 shares for an amount of EUR 1,719,000, in comparison to 2019 when 33,402 shares were granted for an amount of EUR 1,612,125. The shares will be blocked until 2026 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 2020 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)	01/03/2021	45.6937	8,617
Hans De Cuyper (CEO) (2)	01/03/2021	45.6937	5,293
Christophe Boizard (CFO)	01/03/2021	45.6937	7,165
Emmanuel Van Grimbergen (CRO)	01/03/2021	45.6937	5,909
Antonio Cano (MD Europe)	01/03/2021	45.6937	7,165
Filip Coremans (MD Asia)	01/03/2021	45.6937	7,165
Total			**41,314**

(1) For Bart De Smet until 22/10/2020.

(2) Shares granted until 22 October 2020 relate to his mandate as CEO of AG Insurance. 1,600 shares for 2020 relate to the CEO Ageas function.

2020 vesting

There was no LTI-plan 2016 granted and as consequence no plan vested in 2020.

C. EXTRAORDINARY ITEMS AND PENSION EXPENSES.

In line with the remuneration policy and his contractual conditions, Bart De Smet was granted a termination compensation of EUR 856,917 in relation to the termination of his mandate as CEO of Ageas. This compensation will be paid over a period of 3 years (50% in 2020, 25% in 2021 and 25% in 2022).

A total aggregated amount of EUR 986,122 was contributed to a defined contribution pension plan for the Executive Committee members.

Incumbent Name	Pension Contribution
Bart De Smet (1)	257,786
Hans De Cuyper (2)	27,083
Christophe Boizard	193,540
Emmanuel Van Grimbergen	117,559
Antonio Cano	194,592
Filip Coremans	195,562
Total	**986,122**

(1) Until 22/10/2020.

(2) As of 22/10/2020.

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 37,620 shares for an amount of EUR 1,719,000.

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 2017	Number of shares committed to be granted for 2018	Number of shares committed to be granted for 2019	Number of shares committed to be granted for 2020
Bart De Smet	14,033	6,941	9,790	8,617
Hans De Cuyper (1)	5,973	2,954	4,196	5,293
Christophe Boizard	9,715	4,805	6,783	7,165
Emmanuel Van Grimbergen (2)	4,430	2,228	4,504	5,909
Antonio Cano	9,715	4,805	6,783	7,165
Filip Coremans	9,715	4,805	6,783	7,165
Total	**53,581**	**26,538**	**38,839**	**41,314**

(1) Shares granted until 22 October 2020 relate to his mandate as CEO of AG Insurance. 1,600 shares for 2020 relate to the CEO Ageas function.

(2) Shares granted until 1 June 2019 relate to his mandate as Group Risk Officer.

6.3.2.4 Additional disclosure

Ageas did not apply any clawback provision during the year under review. Bart De Smet stepped down from his function as CEO of Ageas at the General Meeting of Shareholders of 22nd October 2020. Hans De Cuyper was newly appointed as CEO of Ageas at the same meeting.

6.3.2.5 Annual Change in Remuneration of Executive Directors 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. The pay ratio is expressed both for the CEO remuneration versus the average employee remuneration and versus the lowest employee remuneration at the level of ageas SA/NV.

Annual change	2016	Var	2017	Var	2018	Var	2019	Var	2020	Var
Exco total remuneration (1)										
Bart De Smet (until 22/10/2020)	1,289,459	(26%)	2,124,161	65%	1,668,696	(21%)	2,008,326	20%	1,711,557	(15%)
Hans De Cuyper (as of 22/10/2020)									292,097	
Christophe Boizard	905,035	(34%)	1,467,481	62%	1,161,803	(21%)	1,396,680	20%	1,419,062	2%
Filip Coremans	864,436	(30%)	1,452,109	68%	1,144,313	(21%)	1,376,144	20%	1,405,707	2%
Antonio Cano	829,304		1,430,608		1,130,143	(21%)	1,381,156	22%	1,402,383	2%
Emmanuel Van Grimbergen (as of 01/06/2019)	N/A		N/A		N/A		619,993		1,090,275	
Company performance										
Ageas Business score % (2)	74%		182%		93%		130%		136%	
TSR 01-01/31-12 of YR (3)	(7.64%)		14.52%		1.21%		40.86%		(10.70%)	
Average remuneration of employees on full- time base	70,033	(1%)	73,299	5%	73,512	0.3%	77,372	5.3%	83,029	7%
FTE at 31/12 (4)	12,080.0		11,261.0		11,009.0		10,741.5		10,044.7	
Total staff expenses (5)	846,000,000		825,400,000		809,300,000		831,100,000		834,000,000	
Pay ratio average remuneration to CEO remuneration (6)	18.4		29.0		22.7		26.0		24.1	
Pay ratio lowest remuneration (7) to CEO remuneration (6)									40.1	

(1) Total remuneration as defined in table for 6.3.2.2. For comparison with previous years not including the extraordinary items for B.De Smet.

(2) Range is 0-200%.

(3) Total Shareholder Return.

(4) FTE for Ageas consolidated entities.

(5) As reported in the annual accounts.

(6) For comparison with previous years, CEO remuneration 2020 is calculated as the sum of total remuneration of B. De Smet and H. De Cuyper.

(7) Salary in lowest salary band at the level of ageas SA/NV.

7

Related parties

The law of 28 April 2020 implementing Directive 2017/828 of the European Parliament and the Council (the Second Shareholder Rights Directive or SRD II) introduced a new regime for related party transactions, which is applicable to all the members of the Ageas group and entered into force on 16 May 2020. Among other elements, this new regime entails a reinforced obligation for Ageas to report on the application of the related party transactions procedure, both immediately upon occurrence of the transaction as well as in the annual report for the relevant financial year.

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 2020, 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. Hence, during financial year 2020, no transactions took place within the Ageas group which triggered the application of the procedure.

Transactions and outstanding balances between fully-consolidated entities of Ageas group are eliminated. The tables below show the outstanding balances with associates as related parties.

	2020	2019
Income statement - related parties		
Interest income	12	11
Insurance premiums	21	14
Fee and commission income	6	4
Realised gains		
Other income	4	4
Change in provision for insurance and investment contracts	(13)	(11)
Fee and commission expenses	(25)	(34)

	2020	2019
Statement of financial position - related parties		
Financial Investments	64	79
Reinsurance share, trade and other receivables	18	15
Due from customers	433	391
Other assets	2	2
Liabilities arising from insurance and investment contracts	18	11
Debt certificates, subordinated liabilities and other borrowings		4
Other liabilities	2	3

The changes in Loans to related parties during the year ended 31 December are as follows.

	2020	2019
Related party loans as at 1 January	**391**	**347**
Additions or advances	70	68
Repayments	(28)	(7)
Foreign exchange differences and other		(17)
Related party loans as at 31 December	**433**	**391**

8

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.

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

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 2020	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets										
Cash and cash equivalents	811	163	333	4	40	(1)	1,350	891		2,241
Financial investments	50,428	1,420	10,480		1,379	1	63,708	5	(3)	63,710
Investment property	2,662		226			1	2,889			2,889
Loans	12,690	25	306		57		13,078	1,165	(845)	13,398
Investments related to unit-linked contracts	10,654		6,434				17,088			17,088
Investments in associates	376		71	4,478		(1)	4,924	4	1	4,929
Reinsurance and other receivables	1,123	1,564	430	1	65	(1,435)	1,748	310	(97)	1,961
Current tax assets	15	2	32				49			49
Deferred tax assets	10	29	60			(1)	98			98
Accrued interest and other assets	1,350	135	209		182	(17)	1,859	127	(101)	1,885
Property, plant and equipment	1,708	73	35	2		1	1,819	8		1,827
Goodwill and other intangible assets	523	248	447			(1)	1,217	12		1,229
Assets held for sale		109	5				114			114
Total assets	**82,350**	**3,768**	**19,068**	**4,485**	**1,723**	**(1,453)**	**109,941**	**2,522**	**(1,045)**	**111,418**
Liabilities										
Liabilities arising from Life insurance contracts	26,070		3,912		7	(2)	29,987		(14)	29,973
Liabilities arising from Life investment contracts	26,155		5,474				31,629			31,629
Liabilities related to unit-linked contracts	10,654		6,436				17,090			17,090
Liabilities arising from Non-life insurance contracts	4,086	2,427	843		1,388	(1,340)	7,404			7,404
Subordinated liabilities	1,142	157	175				1,474	2,128	(844)	2,758
Borrowings	3,878	7	45	2		(19)	3,913	7		3,920
Current tax liabilities	51		38				89			89
Deferred tax liabilities	996	2	92			(1)	1,089	16		1,105
RPN(I)								420		420
Accrued interest and other liabilities	2,329	147	380	8	208	(91)	2,981	139	(186)	2,934
Provisions	43	25	7				75	247		322
Total liabilities	**75,404**	**2,765**	**17,402**	**10**	**1,603**	**(1,453)**	**95,731**	**2,957**	**(1,044)**	**97,644**
Shareholders' equity	4,987	1,003	1,406	4,475	120	1	11,992	(435)	(2)	11,555
Non-controlling interests	1,959		260			(1)	2,218		1	2,219
Total equity	**6,946**	**1,003**	**1,666**	**4,475**	**120**		**14,210**	**(435)**	**(1)**	**13,774**
Total liabilities and equity	**82,350**	**3,768**	**19,068**	**4,485**	**1,723**	**(1,453)**	**109,941**	**2,522**	**(1,045)**	**111,418**
Number of employees	**5,785**	**2,431**	**1,599**	**65**			**9,880**	**165**		**10,045**

31 December 2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets										
Cash and cash equivalents	976	106	320	4	199		1,605	2,141	(1)	3,745
Financial investments	50,759	1,699	10,759		788		64,005		(3)	64,002
Investment property	2,400		203				2,603			2,603
Loans	10,811	46	165			(1)	11,021	927	(876)	11,072
Investments related to unit-linked contracts	9,800		6,629				16,429			16,429
Investments in associates	512	97	83	4,012		1	4,705	14	(3)	4,716
Reinsurance and other receivables	1,008	1,495	323		35	(1,003)	1,858	7	(5)	1,860
Current tax assets	58	1	25			(1)	83			83
Deferred tax assets	8	36	63			(1)	106			106
Accrued interest and other assets	1,364	193	209	1	131	(10)	1,888	123	(100)	1,911
Property, plant and equipment	1,595	77	34	3			1,709	10		1,719
Goodwill and other intangible assets	510	253	440				1,203			1,203
Assets held for sale										
Total assets	**79,801**	**4,003**	**19,253**	**4,020**	**1,153**	**(1,015)**	**107,215**	**3,222**	**(988)**	**109,449**
Liabilities										
Liabilities arising from Life insurance contracts	25,004		3,769				28,773		(12)	28,761
Liabilities arising from Life investment contracts	26,450		5,792			1	32,243			32,243
Liabilities related to unit-linked contracts	9,800		6,638				16,438			16,438
Liabilities arising from Non-life insurance contracts	4,078	2,630	856		1,023	(989)	7,598			7,598
Subordinated liabilities	1,142	189	175			(1)	1,505	2,488	(876)	3,117
Borrowings	2,913	7	39	2		(13)	2,948	9	(1)	2,956
Current tax liabilities	33	2	13				48	2		50
Deferred tax liabilities	1,022	2	85				1,109	11	(1)	1,119
RPN(I)								359		359
Accrued interest and other liabilities	2,148	147	342	10	22	(14)	2,655	173	(83)	2,745
Provisions	26	28	9			1	64	519	(1)	582
Total liabilities	**72,616**	**3,005**	**17,718**	**12**	**1,045**	**(1,015)**	**93,381**	**3,561**	**(974)**	**95,968**
Shareholders' equity	5,135	998	1,326	4,008	108		11,575	(339)	(15)	11,221
Non-controlling interests	2,050		209				2,259		1	2,260
Total equity	**7,185**	**998**	**1,535**	**4,008**	**108**		**13,834**	**(339)**	**(14)**	**13,481**
Total liabilities and equity	**79,801**	**4,003**	**19,253**	**4,020**	**1,153**	**(1,015)**	**107,215**	**3,222**	**(988)**	**109,449**
Number of employees	**6,377**	**2,614**	**1,529**	**67**	**2**	**(2)**	**10,587**	**154**		**10,741**

8.9 Income statement by operating segment

2020	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*5,428*	*1,382*	*1,598*		*1,641*	*(1,611)*	*8,438*		*(3)*	*8,435*
- *Change in unearned premiums*	*(7)*	*(10)*	*(3)*		*(45)*	*43*	*(22)*			*(22)*
- *Ceded earned premiums*	*(733)*	*(760)*	*(433)*		*(55)*	*1,570*	*(411)*			*(411)*
Net earned premiums	4,688	612	1,162		1,541	2	8,005		(3)	8,002
Interest, dividend and other investment income	2,131	38	202		21	(1)	2,391	39	(38)	2,392
Unrealised gain (loss) on RPN(I)								(61)		(61)
Result on sales and revaluations										
Income related to investments for	267		26		1	(1)	293	340	6	639
unit-linked contracts	359		125				484			484
Share in result of associates	1	14	16	295			326	2		328
Fee and commission income	437	240	236		4	(532)	385			385
Other income	160	34	19			(1)	212	7	(18)	201
Total income	**8,043**	**938**	**1,786**	**295**	**1,567**	**(533)**	**12,096**	**327**	**(53)**	**12,370**
Expenses										
- *Insurance claims and benefits, gross*	*(5,088)*	*(771)*	*(1,094)*		*(1,000)*	*985*	*(6,968)*		*2*	*(6,966)*
- *Insurance claims and benefits, ceded*	*385*	*476*	*239*		*36*	*(985)*	*151*			*151*
Insurance claims and benefits, net	(4,703)	(295)	(855)		(964)		(6,817)		2	(6,815)
Charges related to unit-linked contracts	(420)		(191)			1	(610)			(610)
Financing costs	(92)	(9)	(12)		(1)		(114)	(63)	38	(139)
Change in impairments	(145)		(26)			(1)	(172)			(172)
Change in provisions	(8)						(8)	44		36
Fee and commission expenses	(668)	(253)	(204)		(547)	534	(1,138)			(1,138)
Staff expenses	(549)	(132)	(100)	(23)	(1)	0	(805)	(32)	3	(834)
Other expenses	(783)	(179)	(157)	(3)	25	(1)	(1,098)	(82)	15	(1,165)
Total expenses	**(7,368)**	**(868)**	**(1,545)**	**(26)**	**(1,488)**	**533**	**(10,762)**	**(133)**	**58**	**(10,837)**
Result before taxation	**675**	**70**	**241**	**269**	**79**		**1,334**	**194**	**5**	**1,533**
Tax income (expenses)	(143)	(5)	(66)				(214)	(19)		(233)
Net result for the period	**532**	**65**	**175**	**269**	**79**		**1,120**	**175**	**5**	**1,300**
Attributable to non-controlling interests	121		39			(1)	159			159
Net result attributable to shareholders	**411**	**65**	**136**	**269**	**79**	**1**	**961**	**175**	**5**	**1,141**
Total income from external customers	8,345	1,413	2,031	294		0	12,083	287		12,370
Total income internal	(302)	(475)	(245)	1	1,567	(533)	13	40	(53)	
Total income	**8,043**	**938**	**1,786**	**295**	**1,567**	**(533)**	**12,096**	**327**	**(53)**	**12,370**

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

2020	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	5,428	1,382	1,598		1,641	(1,611)	8,438		(3)	8,435
Inflow deposit accounting	672		385				1,057			1,057
Gross inflow	**6,100**	**1,382**	**1,983**		**1,641**	**(1,611)**	**9,495**		**(3)**	**9,492**

2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*5,869*	*1,375*	*2,121*		*1,689*	*(1,669)*	*9,385*		*(2)*	*9,383*
- *Change in unearned premiums*	*(2)*	*17*	*(15)*		*(241)*	*241*				
- *Ceded earned premiums*	*(564)*	*(897)*	*(276)*		*(51)*	*1,426*	*(362)*			*(362)*
Net earned premiums	5,303	495	1,830		1,397	(2)	9,023		(2)	9,021
Interest, dividend and other investment income	2,348	38	213		12	1	2,612	37	(37)	2,612
Unrealised gain (loss) on RPN(I)										
Result on sales and revaluations	271	7	44		5		327	3	(4)	326
Income related to investments for unit-linked contracts	1,123		775				1,898			1,898
Share in result of associates	46	13	17	545			621	2		623
Fee and commission income	348	248	178		4	(413)	365			365
Other income	203	38	24	1		(1)	265	6	(17)	254
Total income	**9,642**	**839**	**3,081**	**546**	**1,418**	**(415)**	**15,111**	**48**	**(60)**	**15,099**
Expenses										
- Insurance claims and benefits, gross	*(5,826)*	*(834)*	*(1,762)*		*(1,107)*	*1,086*	*(8,443)*		*3*	*(8,440)*
- Insurance claims and benefits, ceded	*345*	*709*	*158*		*20*	*(1,086)*	*146*			*146*
Insurance claims and benefits, net	(5,481)	(125)	(1,604)		(1,087)		(8,297)		3	(8,294)
Charges related to unit-linked contracts	(1,159)		(817)			(1)	(1,977)			(1,977)
Financing costs	(97)	(10)	(13)		(1)		(121)	(43)	35	(129)
Change in impairments	(47)	(5)	(5)			1	(56)			(56)
Change in provisions	2						2	(7)		(5)
Fee and commission expenses	(657)	(244)	(183)		(422)	413	(1,093)			(1,093)
Staff expenses	(551)	(142)	(84)	(25)			(802)	(29)		(831)
Other expenses	(866)	(230)	(199)	(6)	77	2	(1,222)	(76)	17	(1,281)
Total expenses	**(8,856)**	**(756)**	**(2,905)**	**(31)**	**(1,433)**	**415**	**(13,566)**	**(155)**	**55**	**(13,666)**
Result before taxation	**786**	**83**	**176**	**515**	**(15)**		**1,545**	**(107)**	**(5)**	**1,433**
Tax income (expenses)	(184)	(14)	(44)		(1)		(243)	(12)		(255)
Net result for the period	**602**	**69**	**132**	**515**	**(16)**		**1,302**	**(119)**	**(5)**	**1,178**
Attributable to non-controlling interests	175		24				199			199
Net result attributable to shareholders	**427**	**69**	**108**	**515**	**(16)**		**1,103**	**(119)**	**(5)**	**979**
Total income from external customers	9,876	1,460	3,225	546			15,107	(8)		15,099
Total income internal	(234)	(621)	(144)		1,418	(415)	4	56	(60)	
Total income	**9,642**	**839**	**3,081**	**546**	**1,418**	**(415)**	**15,111**	**48**	**(60)**	**15,099**

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	5,869	1,375	2,121		1,689	(1,669)	9,385		(2)	9,383
Inflow deposit accounting	743		419				1,162			1,162
Gross inflow	**6,612**	**1,375**	**2,540**		**1,689**	**(1,669)**	**10,547**		**(2)**	**10,545**

8.10 Statement of financial position split into Life and Non-life

31 December 2020	Life	Non-life	Insurance Eliminations	Total Insurance	General Total	Group Eliminations	Total
Assets							
Cash and cash equivalents	959	391		1,350	891		2,241
Financial investments	56,248	7,460		63,708	5	(3)	63,710
Investment property	2,673	216		2,889			2,889
Loans	11,928	1,188	(38)	13,078	1,165	(845)	13,398
Investments related to unit-linked contracts	17,088			17,088			17,088
Investments in associates	4,180	745	(1)	4,924	4	1	4,929
Reinsurance and other receivables	403	3,123	(1,778)	1,748	310	(97)	1,961
Current tax assets	23	26		49			49
Deferred tax assets	37	61		98			98
Accrued interest and other assets	1,215	662	(18)	1,859	127	(101)	1,885
Property, plant and equipment	1,487	332		1,819	8		1,827
Goodwill and other intangible assets	900	578	(261)	1,217	12		1,229
Assets held for sale	5	109		114			114
Total assets	**97,146**	**14,891**	**(2,096)**	**109,941**	**2,522**	**(1,045)**	**111,418**
Liabilities							
Liabilities arising from Life insurance contracts	29,990		(3)	29,987		(14)	29,973
Liabilities arising from Life investment contracts	31,629			31,629			31,629
Liabilities related to unit-linked contracts	17,090			17,090			17,090
Liabilities arising from Non-life insurance contracts		8,744	(1,340)	7,404			7,404
Subordinated liabilities	1,103	410	(39)	1,474	2,128	(844)	2,758
Borrowings	3,435	496	(18)	3,913	7		3,920
Current tax liabilities	75	13	1	89			89
Deferred tax liabilities	871	219	(1)	1,089	16		1,105
RPN(I)					420		420
Accrued interest and other liabilities	2,315	1,099	(433)	2,981	139	(186)	2,934
Provisions	32	43		75	247		322
Total liabilities	**86,540**	**11,024**	**(1,833)**	**95,731**	**2,957**	**(1,044)**	**97,644**
Shareholders' equity	8,718	3,537	(263)	11,992	(435)	(2)	11,555
Non-controlling interests	1,888	330		2,218		1	2,219
Total equity	**10,606**	**3,867**	**(263)**	**14,210**	**(435)**	**(1)**	**13,774**
Total liabilities and equity	**97,146**	**14,891**	**(2,096)**	**109,941**	**2,522**	**(1,045)**	**111,418**
Number of employees	**3,673**	**6,207**		**9,880**	**165**		**10,045**

31 December 2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Assets							
Cash and cash equivalents	1,055	550		1,605	2,141	(1)	3,745
Financial investments	56,427	7,578		64,005		(3)	64,002
Investment property	2,352	251		2,603			2,603
Loans	9,997	1,063	(39)	11,021	927	(876)	11,072
Investments related to unit-linked contracts	16,429			16,429			16,429
Investments in associates	4,066	639		4,705	14	(3)	4,716
Reinsurance and other receivables	389	2,818	(1,349)	1,858	7	(5)	1,860
Current tax assets	46	37		83			83
Deferred tax assets	33	73		106			106
Accrued interest and other assets	1,544	356	(12)	1,888	123	(100)	1,911
Property, plant and equipment	1,372	337		1,709	10		1,719
Goodwill and other intangible assets	874	606	(277)	1,203			1,203
Assets held for sale							
Total assets	**94,584**	**14,308**	**(1,677)**	**107,215**	**3,222**	**(988)**	**109,449**
Liabilities							
Liabilities arising from Life insurance contracts	28,773			28,773		(12)	28,761
Liabilities arising from Life investment contracts	32,243			32,243			32,243
Liabilities related to unit-linked contracts	16,438			16,438			16,438
Liabilities arising from Non-life insurance contracts		8,588	(990)	7,598			7,598
Subordinated liabilities	1,056	488	(39)	1,505	2,488	(876)	3,117
Borrowings	2,445	516	(13)	2,948	9	(1)	2,956
Current tax liabilities	32	16		48	2		50
Deferred tax liabilities	918	191		1,109	11	(1)	1,119
RPN(I)					359		359
Accrued interest and other liabilities	2,116	897	(358)	2,655	173	(83)	2,745
Provisions	23	41		64	519	(1)	582
Total liabilities	**84,044**	**10,737**	**(1,400)**	**93,381**	**3,561**	**(974)**	**95,968**
Shareholders' equity	8,457	3,396	(278)	11,575	(339)	(15)	11,221
Non-controlling interests	2,083	175	1	2,259		1	2,260
Total equity	**10,540**	**3,571**	**(277)**	**13,834**	**(339)**	**(14)**	**13,481**
Total liabilities and equity	**94,584**	**14,308**	**(1,677)**	**107,215**	**3,222**	**(988)**	**109,449**
Number of employees	**4,190**	**6,398**	**(1)**	**10,587**	**154**		**10,741**

8.11 Income statement split into Life and Non-life

2020	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income							
- *Gross premium income*	*4,140*	*4,298*		*8,438*		*(3)*	*8,435*
- *Change in unearned premiums*		*(23)*	*1*	*(22)*			*(22)*
- *Ceded earned premiums*	*(29)*	*(382)*		*(411)*			*(411)*
Net earned premiums	4,111	3,893	1	8,005		(3)	8,002
Interest, dividend and other investment income	2,152	257	(18)	2,391	39	(38)	2,392
Unrealised gain (loss) on RPN(I)					(61)		(61)
Result on sales and revaluations	280	13		293	340	6	639
Income related to investments for unit-linked contracts	484			484			484
Share in result of associates	262	64		326	2		328
Fee and commission income	274	117	(6)	385			385
Other income	130	83	(1)	212	7	(18)	201
Total income	**7,693**	**4,427**	**(24)**	**12,096**	**327**	**(53)**	**12,370**
Expenses							
- *Insurance claims and benefits, gross*	*(4,645)*	*(2,332)*	*9*	*(6,968)*		*2*	*(6,966)*
- *Insurance claims and benefits, ceded*	*22*	*138*	*(9)*	*151*			*151*
Insurance claims and benefits, net	(4,623)	(2,194)		(6,817)		2	(6,815)
Charges related to unit-linked contracts	(610)			(610)			(610)
Financing costs	(86)	(29)	1	(114)	(63)	38	(139)
Change in impairments	(163)	(9)		(172)			(172)
Change in provisions	(5)	(3)		(8)	44		36
Fee and commission expenses	(368)	(776)	6	(1,138)			(1,138)
Staff expenses	(406)	(400)	1	(805)	(32)	3	(834)
Other expenses	(616)	(498)	16	(1,098)	(82)	15	(1,165)
Total expenses	**(6,877)**	**(3,909)**	**24**	**(10,762)**	**(133)**	**58**	**(10,837)**
Result before taxation	**816**	**518**		**1,334**	**194**	**5**	**1,533**
Tax income (expenses)	(127)	(87)		(214)	(19)		(233)
Net result for the period	**689**	**431**		**1,120**	**175**	**5**	**1,300**
Attributable to non-controlling interests	119	40		159			159
Net result attributable to shareholders	**570**	**391**		**961**	**175**	**5**	**1,141**
Total income from external customers	7,660	4,420	3	12,083	287		12,370
Total income internal	33	7	(27)	13	40	(53)	
Total income	**7,693**	**4,427**	**(24)**	**12,096**	**327**	**(53)**	**12,370**

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be presented as follows.

2020	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	4,140	4,298		8,438		(3)	8,435
Inflow deposit accounting	1,057			1,057			1,057
Gross inflow	**5,197**	**4,298**		**9,495**		**(3)**	**9,492**

2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total
Income							
- *Gross premium income*	*5,167*	*4,218*		*9,385*		*(2)*	*9,383*
- *Change in unearned premiums*							
- *Ceded earned premiums*	*(38)*	*(324)*		*(362)*			*(362)*
Net earned premiums	*5,129*	*3,894*		*9,023*		*(2)*	*9,021*
Interest, dividend and other investment income	*2,325*	*304*	*(17)*	*2,612*	*37*	*(37)*	*2,612*
Unrealised gain (loss) on RPN(I)							
Result on sales and revaluations	*284*	*43*		*327*	*3*	*(4)*	*326*
Income related to investments for unit-linked contracts	*1,898*			*1,898*			*1,898*
Share in result of associates	*576*	*45*		*621*	*2*		*623*
Fee and commission income	*267*	*98*		*365*			*365*
Other income	*166*	*99*		*265*	*6*	*(17)*	*254*
Total income	**10,645**	**4,483**	**(17)**	**15,111**	**48**	**(60)**	**15,099**
Expenses							
- *Insurance claims and benefits, gross*	*(5,957)*	*(2,485)*	*(1)*	*(8,443)*		*3*	*(8,440)*
- *Insurance claims and benefits, ceded*	*18*	*127*	*1*	*146*			*146*
Insurance claims and benefits, net	(5,939)	(2,358)		(8,297)		3	(8,294)
Charges related to unit-linked contracts	(1,977)			(1,977)			(1,977)
Financing costs	(86)	(37)	2	(121)	(43)	35	(129)
Change in impairments	(48)	(8)		(56)			(56)
Change in provisions	1	1		2	(7)		(5)
Fee and commission expenses	(356)	(736)	(1)	(1,093)			(1,093)
Staff expenses	(403)	(399)		(802)	(29)		(831)
Other expenses	(706)	(532)	16	(1,222)	(76)	17	(1,281)
Total expenses	**(9,514)**	**(4,069)**	**17**	**(13,566)**	**(155)**	**55**	**(13,666)**
Result before taxation	**1,131**	**414**		**1,545**	**(107)**	**(5)**	**1,433**
Tax income (expenses)	(141)	(102)		(243)	(12)		(255)
Net result for the period	**990**	**312**		**1,302**	**(119)**	**(5)**	**1,178**
Attributable to non-controlling interests	149	50		199			199
Net result attributable to shareholders	**841**	**262**		**1,103**	**(119)**	**(5)**	**979**
Total income from external customers	10,619	4,475	13	15,107	(8)		15,099
Total income internal	26	8	(30)	4	56	(60)	
Total income	**10,645**	**4,483**	**(17)**	**15,111**	**48**	**(60)**	**15,099**

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be presented as follows.

2019	Life	Non-life	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total
Gross premium income	5,167	4,218		9,385		(2)	9,383
Inflow deposit accounting	1,162			1,162			1,162
Gross inflow	**6,329**	**4,218**		**10,547**		**(2)**	**10,545**

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.

2020	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	3,991		1,208		15	(17)	5,197			5,197
Gross inflow Non-life	2,109	1,382	775		1,626	(1,594)	4,298		(3)	4,295
Operating costs	(607)	(212)	(203)		(3)		(1,025)			(1,025)
- *Guaranteed products*	*373*		*137*		*1*		*511*			*511*
- *Unit linked products*	*38*		*11*				*49*			*49*
Life operating result	411		148		1		560			560
- *Accident & Health*	*33*	*1*	*46*		*4*	*(2)*	*82*			*82*
- *Motor*	*94*	*68*	*24*		*40*	*2*	*228*			*228*
- *Fire and other damage to property*	*53*	*(5)*	*18*		*30*		*96*			*96*
- *Other*	*45*	*(9)*	*7*		*3*		*46*		*(3)*	*43*
Non-life operating result	225	55	95		77		452		(3)	449
Operating result	**636**	**55**	**243**		**78**		**1,012**		**(3)**	**1,009**
Share in result of associates non allocated		14	16	293		1	324	1		325
Other result, including brokerage	39	1	(18)	(24)	1	(1)	(2)	193	8	199
Result before taxation	**675**	**70**	**241**	**269**	**79**		**1,334**	**194**	**5**	**1,533**
Key performance indicators Life										
Net underwriting margin	(0.03%)		0.62%		37.28%		0.12%			0.12%
Investment margin	0.73%		0.36%				0.64%			0.64%
Operating margin	0.70%		0.98%		37.28%		0.76%			0.76%
- *Operating margin Guaranteed products*	*0.77%*		*1.59%*		*37.28%*		*0.90%*			*0.90%*
- *Operating margin Unit linked products*	*0.38%*		*0.17%*				*0.29%*			*0.29%*
Life cost ratio in % of Life technical liabilities (annualised)	0.41%		0.45%		1.14%		0.42%			0.42%
Key performance indicators Non-life										
Expense ratio	36.1%	47.1%	28.4%		33.6%		36.1%			36.1%
Claims ratio	51.7%	48.3%	49.0%		62.7%		55.2%			55.2%
Combined ratio	87.8%	95.4%	77.4%		96.3%		91.3%			91.3%
Operating margin	16.4%	8.9%	25.2%		5.1%		11.6%			11.5%
Technical Insurance liabilities	66,965	2,427	16,665		1,395	(1,342)	86,110		(14)	86,096

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.

2019	Belgium	UK	CEU	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	4,526		1,803			0	6,329			6,329
Gross inflow Non-life	2,086	1,375	737		1,689	(1,668)	4,218		(2)	4,216
Operating costs	(597)	(215)	(197)		(2)	(0)	(1,010)			(1,010)
- *Guaranteed products*	*423*		*77*				*500*			*500*
- *Unit linked products*	*36*		*8*			*0*	*44*			*44*
Life operating result	459		85			0	544			544
- *Accident & Health*	*48*	*(5)*	*39*		*(14)*	*0*	*68*			*68*
- *Motor*	*53*	*64*	*10*		*(30)*	*(5)*	*92*			*92*
- *Fire and other damage to property*	*56*	*25*	*21*		*15*	*0*	*117*			*117*
- *Other*	*61*	*10*	*6*		*8*	*3*	*88*		*(4)*	*85*
Non-life operating result	218	94	76		(21)	(1)	365		(4)	362
Operating result	**677**	**94**	**161**		**(21)**	**(1)**	**909**		**(4)**	**905**
Share in result of associates non allocated		13	18	545		0	576	2		578
Other result, including brokerage	109	(24)	(2)	(30)	6	1	60	(109)	(1)	(50)
Result before taxation	**786**	**83**	**176**	**515**	**(15)**		**1,545**	**(107)**	**(5)**	**1,433**
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	65,332	2,630	17,055		1,023	(988)	85,052		(12)	85,040

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

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9

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.

	31 December 2020	31 December 2019
Cash on hand	2	3
Due from banks	2,053	3,588
Other	186	154
Total cash and cash equivalents	**2,241**	**3,745**

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Financial investments

The composition of financial investments is as follows.

	31 December 2020	31 December 2019
Financial investments		
- Held to maturity	4,416	4,438
- Available for sale	59,317	59,570
- Held at fair value through profit or loss	297	253
- Derivatives held for trading	16	10
Total, gross	**64,046**	**64,271**
Impairments:		
- of investments available for sale	(336)	(269)
Total impairments	**(336)**	**(269)**
Total	**63,710**	**64,002**

10.1 Investments held to maturity

	Government bonds	Total
Investments held to maturity at 1 January 2019	**4,506**	**4,506**
Maturities	(66)	(66)
Amortisation	(2)	(2)
Investments held to maturity at 31 December 2019	**4,438**	**4,438**
Maturities	(18)	(18)
Amortisation	(4)	(4)
Investments held to maturity at 31 December 2020	**4,416**	**4,416**
Fair value at 31 December 2019	**6,878**	**6,878**
Fair value at 31 December 2020	**7,101**	**7,101**

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 2020	Historical/amortised cost	Fair value
Belgian national government	4,313	6,937
Portuguese national government	103	164
Total	**4,416**	**7,101**
31 December 2019		
Belgian national government	4,321	6,699
Portuguese national government	117	179
Total	**4,438**	**6,878**

10.2 Investments available for sale

31 December 2020	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	26,910	7,392		34,302		34,302
Corporate debt securities	18,083	1,699	(7)	19,775	(22)	19,753
Structured credit instruments	49	2		51		51
Available for sale investments in debt securities	45,042	9,093	(7)	54,128	(22)	54,106
Private equities and venture capital	99	19		118		118
Equity securities	4,281	816	(29)	5,068	(314)	4,754
Other investments	3			3		3
Available for sale investments in equity securities and other investments	4,383	835	(29)	5,189	(314)	4,875
Total investments available for sale	**49,425**	**9,928**	**(36)**	**59,317**	**(336)**	**58,981**

31 December 2019	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,563	6,382	(23)	33,922		33,922
Corporate debt securities	19,167	1,535	(9)	20,693	(20)	20,673
Structured credit instruments	55	3	(1)	57		57
Available for sale investments in debt securities	46,785	7,920	(33)	54,672	(20)	54,652
Private equities and venture capital	83	21	(1)	103		103
Equity securities	4,045	764	(17)	4,792	(249)	4,543
Other investments	3			3		3
Available for sale investments in equity securities and other investments	4,131	785	(18)	4,898	(249)	4,649
Total investments available for sale	**50,916**	**8,705**	**(51)**	**59,570**	**(269)**	**59,301**

An amount of EUR 2,288 million of the investments available for sale has been pledged as collateral (2019: EUR 1,397 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: non-observable inputs (counterparty quotes).

31 December 2020	Level 1	Level 2	Level 3	Total
Government bonds	33,900	402		34,302
Corporate debt securities	18,178	1,103	472	19,753
Structured credit instruments	8	42	1	51
Equity securities, private equities and other investments	2,554	1,482	839	4,875
Total Investments available for sale	**54,640**	**3,029**	**1,312**	**58,981**

31 December 2019	Level 1	Level 2	Level 3	Total
Government bonds	33,589	333		33,922
Corporate debt securities	19,274	900	499	20,673
Structured credit instruments	8	44	5	57
Equity securities, private equities and other investments	2,443	1,428	778	4,649
Total Investments available for sale	**55,314**	**2,705**	**1,282**	**59,301**

The changes in level 3 valuation are as follows.

	2020	2019
Balance as at 1 January	**1,282**	**1,222**
Maturity/redemption or repayment	(28)	(16)
Acquired	126	114
Proceeds from sales	(30)	(93)
Realised gains (losses)		2
Impairments		(4)
Unrealised gains (losses)	(36)	57
Foreign exchange differences and other adjustments	(2)	
Balance as at 31 December	**1,312**	**1,282**

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. Quantitative unobservable inputs used when measuring fair value are not developed by the entity.

Government bonds detailed by country of origin

31 December 2020	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,336	3,289	14,625
French national government	4,745	1,515	6,260
Portuguese national government	2,311	467	2,778
Austrian national government	2,040	556	2,596
Spanish national government	2,021	427	2,448
Italian national government	1,171	437	1,608
German national government	859	290	1,149
Dutch national government	497	94	591
Irish national government	336	54	390
British national government	190	26	216
Polish national government	283	52	335
Slovakian national government	159	58	217
Czech Republic national government	32		32
Finnish national government	91	19	110
US national government	2		2
Other national governments	837	108	945
Total	**26,910**	**7,392**	**34,302**

31 December 2019	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	11,386	2,743	14,130
French national government	4,982	1,362	6,345
Austrian national government	2,322	427	2,749
Portuguese national government	2,131	512	2,643
Spanish national government	1,900	328	2,228
Italian national government	1,179	323	1,501
German national government	889	301	1,189
Dutch national government	481	85	566
Irish national government	402	48	450
British national government	292	14	306
Polish national government	299	60	358
Slovakian national government	208	44	252
Czech Republic national government	151	3	154
Finnish national government	115	22	137
US national government	16		16
Other national governments	810	87	898
Total	**27,563**	**6,359**	**33,922**

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 2020	31 December 2019
Available for sale investments in debt securities:		
Carrying amount	54,106	54,652
Gross unrealised gains and losses	9,086	7,887
- Related tax	(2,300)	(2,006)
Shadow accounting	(4,511)	(3,547)
- Related tax	1,228	929
Net unrealised gains and losses	**3,503**	**3,263**

	31 December 2020	31 December 2019
Available for sale investments in equity securities and other investments:		
Carrying amount	4,875	4,649
Gross unrealised gains and losses	806	767
- Related tax	(113)	(67)
Shadow accounting	(531)	(305)
- Related tax	74	68
Net unrealised gains and losses	**236**	**463**

The changes in impairments of investments available for sale are as follows.

	31 December 2020	31 December 2019
Balance as at 1 January	**(269)**	**(267)**
Acquisitions/divestments of subsidiaries	38	
Increase in impairments	(154)	(47)
Reversal on sale/disposal	49	43
Foreign exchange differences and other adjustments		2
Balance as at 31 December	**(336)**	**(269)**

10.3 Investments held at fair value through profit or loss

	31 December 2020	31 December 2019
Government bonds		1
Corporate debt securities	132	119
Structured credit instruments	4	6
Debt securities	136	126
Equity securities	12	
Other investments	149	127
Equity securities and other investments	161	127
Total investments held at fair value through profit or loss	**297**	**253**

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.

Other investments held at fair value through profit or loss relate to investments in the property fund.

The nominal value of the debt securities held at fair value through profit or loss as at 31 December 2020 is EUR 134 million (31 December 2019: EUR 128 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 : non-observable inputs (counterparty quotes).

The valuation at year-end is as follows.

31 December 2020	Level 1	Level 2	Level 3	Total
Government Bonds				
Corporate debt securities		130	2	132
Structured credit instruments		4		4
Equity securities	12			12
Other investments	149			149
Total Investments held at fair value through profit or loss	**161**	**134**	**2**	**297**

31 December 2019	Level 1	Level 2	Level 3	Total
Government Bonds	1			1
Corporate debt securities		119		119
Structured credit instruments		6		6
Other investments	127			127
Total Investments held at fair value through profit or loss	**128**	**125**		**253**

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 Securities lending

Under securities lending agreements, we have authorised third parties to use certain of our securities for a limited period of time, after which they return the securities to us. During such time, we continue to earn the revenues that these securities generate. We also benefit from collateral under the form of other securities with a coverage rate of at least 105%. As at year-end, such agreements covered an amount of EUR 1,006 million (EUR 945 million last year).

10.6 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 structured entities that it does not consolidate. The structured entities invest in mortgage receivables and lease receivables and generate 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 447 million at 31 December 2020 (EUR 471 million at 31 December 2019). The carrying amount of interest held by AG Insurance in Lease-backed receivables amounts to EUR 22 million at 31 December 2020 (EUR 19 million at 31 December 2019).

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 2020 (EUR 348 million at 31 December 2019).

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Investment property

Investment property mainly comprises office buildings and retail space.

	31 December 2020	31 December 2019
Investment property	2,891	2,608
Impairments of investment property	(2)	(5)
Total investment property	**2,889**	**2,603**

	2020	2019
Acquisition cost as at 1 January	**3,338**	**3,484**
Change in accounting policy		1
Acquisitions/divestments of subsidiaries	33	33
Additions/purchases	496	37
Capital improvements	61	65
Disposals	(235)	(237)
Transfer from (to) property, plant and equipment	(1)	
Foreign exchange differences		1
Other	(31)	(46)
Acquisition cost as at 31 December	**3,661**	**3,338**
Accumulated depreciation as at 1 January	**(730)**	**(731)**
Acquisitions/divestments of subsidiaries		11
Depreciation expense	(94)	(91)
Reversal of depreciation due to disposals	46	65
Transfer from (to) property, plant and equipment	1	
Other	7	16
Accumulated depreciation as at 31 December	**(770)**	**(730)**
Accumulated impairments as at 1 January	**(5)**	**(25)**
Acquisitions/disposals of subsidiaries		12
Increase in impairments	(1)	(2)
Reversal of impairments		1
Reversal of impairments due to disposals	4	9
Accumulated impairments as at 31 December	**(2)**	**(5)**
Net investment property as at 31 December	**2,889**	**2,603**

As at 31 December 2020 and 31 December 2019, 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.

	31 December 2020	31 December 2019
Fair values supported by market evidence	302	154
Fair value subject to an independent valuation	3,797	3,719
Total fair value of investment property	**4,099**	**3,873**
Total carrying amount (including lease liability)	2,829	2,570
Gross unrealised gains (losses)	**1,270**	**1,303**
Unrealised gains (losses) to policyholders	(36)	(36)
Taxation	(344)	(325)
Net unrealised gains (losses) (not recognised in equity)	**890**	**942**

Property rented out under operating lease

Ageas rents out 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:

	2020	2019
Less than 3 months	52	56
3 months to 1 year	147	160
1 year to 2 years	162	187
2 years to 3 years	140	138
3 years to 4 years	111	110
4 years to 5 years	94	94
More than 5 years	677	711
Total undiscounted lease payments receivable	**1,383**	**1,456**

An amount of EUR 80 million in 2020 of the total minimum payments to be received from irrevocable lease agreements relates to property, plant and equipment (2019: EUR 73 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 14.4 million on 31 December 2020. 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 11.9% 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.

		2020		2019
	Ownership	Amount	Ownership	Amount
Woluwe extension	19.4%		19.4%	1
Ascencio SCA	11.9%	38	13.1%	48

12 Loans

	31 December 2020	31 December 2019
Government and official institutions	5,110	4,966
Commercial loans	5,970	3,979
Residential mortgages	1,179	1,176
Policyholder loans	462	403
Interest bearing deposits	340	70
Loans to banks	366	506
Total	**13,427**	**11,100**
Less impairments	(29)	(28)
Total Loans	**13,398**	**11,072**

12.1 Commercial loans

	31 December 2020	31 December 2019
Real Estate	367	232
Infrastructure	1,280	1,112
Corporate	4,098	2,409
Finance Lease Receivables	165	164
Other	60	62
Total commercial loans	**5,970**	**3,979**

Ageas has granted credit lines for a total amount of EUR 982 million (31 December 2019: EUR 1,947 million). The increase in the line ‘Corporate loans’ is mainly related to the investments in the structured entities (see section “Interests in unconsolidated structured entities” in this note).

12.2 Lease Maturity

Finance lease receivables	31 December 2020	31 December 2019
Less than 1 year	3	4
1 year to 3 years	5	6
3 years to 5 years	5	6
More than 5 years	152	148
Total Finance Lease Receivables	**165**	**164**

12.3 Collateral on loans

The following table provides details of collateral and guarantees received as security for loans.

Total credit exposure loans	2020	2019
Carrying amount	13,398	11,072
Collateral received		
Financial instruments	373	368
Property, plant and equipment	2,076	2,095
Other collateral and guarantees	98	84
Unsecured exposure	10,851	8,526
Collateral amounts in excess of credit exposure (1)	*1,001*	*1,044*

(1) Collateral amounts in excess of credit exposure relate to loans for which the collateral is higher than the underlying individual loan.

12.4 Impairments on loans

	Specific credit risk	2020 IBNR	Specific credit risk	2019 IBNR
Balance as at 1 January	**27**	**1**	**27**	**1**
Increase in impairments	2	2	3	
Release of impairments	(2)		(3)	
Write-offs of uncollectible loans	(1)			
Balance as at 31 December	**26**	**3**	**27**	**1**

The following table provides details of collateral and guarantees received as security for impaired loans.

Total impaired credit exposure on loans	2020	2019
Impaired outstanding	48	61
Collateral received		
Property, plant and equipment	44	75
Collateral and guarantees in excess of impaired credit exposure (1)	17	35

(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, Ageas Portugal and Ageas Reinsurance 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 2,298 million at 31 December 2020 and EUR 824 million at 31 December 2019).

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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	2020 Carrying amount	2019 Carrying amount
Associates				
Taiping Holdings	China	12.00% - 24.90%	2,078	1,742
Muang Thai Group Holding	Thailand	7.83% - 30.87%	1,271	1,499
Maybank Ageas Holding Berhad	Malaysia	30.95%	462	480
Taiping Reinsurance Company Limited	China	24.99%	327	
BG1	Belgium	50.00%		94
Tesco Insurance Ltd	UK	50.10%		97
Aksigorta	Turkey	36.00%	67	83
DTHP	Belgium	33.00%	64	76
East West Ageas Life	Philippines	50.00%	54	57
Pleyel	Belgium	56.50%	29	33
Ageas Federal Life Insurance Company	India	49.00%	88	30
Royal Sundaram General Insurance Company Limited	India	40.00%	181	190
EPB NV (Eurocommercial properties)	Belgium	25.60%	51	51
MB Ageas Life JSC	Vietnam	32.09%	17	14
Royal Park Investments	Belgium	44.71%	4	7
Other			236	263
Total			**4,929**	**4,716**

The increase in carrying amount in Ageas Federal Life Insurance Company is linked to the additional acquisition of 23% stake at the end of 2020 (see note 3 Acquisitions and disposals for more details).

Tesco Insurance Ltd was classified as asset held for sale in 2020 (see note 3 Acquisitions and disposals for more details).

The details of the associates are as follows.

2020	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	91,751	83,288	8,463	2,075	21,435	(20,577)	858	213	113
Muang Thai Group Holding	17,876	13,708	4,168	1,237	2,625	(2,549)	76	23	9
Maybank Ageas Holding Berhad	8,642	7,213	1,429	442	2,301	(2,157)	144	45	17
Taiping Reinsurance Co. Limited	5,972	4,784	1,188	297	236	(231)	5	1	
BG1					10	(8)	2	1	
Tesco Insurance Ltd					221	(193)	28	14	8
DTHP	801	606	195	64	60	(80)	(20)	(6)	
East West Ageas Life	196	88	108	54	50	(62)	(12)	(6)	
Pleyel	250	76	174	29	3	(10)	(7)	(4)	
Aksigorta	621	519	102	37	375	(329)	46	16	11
Ageas Federal Life Insurance Co.	1,427	1,313	114	56	396	(383)	13	3	1
Royal Sundaram General Insurance Company Limited	819	673	146	59	313	(285)	28	11	
EPB NV (Eurocommercial properties)	555	358	197	51	33	(33)			
MB Ageas Life JSC	153	100	53	17	141	(128)	13	4	
Royal Park Investments	8		8	4	5	(2)	3	1	2
Related Goodwill				271					
Other				236				12	16
Total				**4,929**				**328**	**177**

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	70,362	7,112	1,739	21,120	(19,360)	1,760	438	59
Muang Thai Group Holding	19,343	14,431	4,912	1,462	3,096	(2,879)	217	66	26
Maybank Ageas Holding Berhad	7,948	6,467	1,481	459	1,943	(1,800)	143	44	16
BG1	217	28	189	94	11	(8)	3	2	
Tesco Insurance Ltd	1,111	917	194	97	318	(291)	27	13	18
DTHP	912	681	231	76	70	(96)	(26)	(8)	
East West Ageas Life	170	56	114	57	39	(52)	(13)	(6)	
Pleyel	247	66	181	33	5	(10)	(5)	(3)	
Aksigorta	693	578	115	41	470	(421)	49	18	13
Ageas Federal Life Insurance Co.	1,288	1,173	115	30	332	(312)	20	5	3
Royal Sundaram General Insurance Company Limited	784	652	132	53	264	(275)	(11)	(4)	
EPB NV (Eurocommercial properties)	565	367	198	51	6	(5)	1		
MB Ageas Life JSC	105	61	44	14	85	(77)	8	2	
Royal Park Investments	15		15	7	7	(4)	4	2	2
Related Goodwill				240					
Other				263				54	18
Total				**4,716**				**623**	**155**

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.

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Reinsurance and other receivables

	31 December 2020	31 December 2019
Reinsurers' share of liabilities arising		
from insurance and investment contracts	720	729
Receivables from policyholders	353	425
Fees and commissions receivable	108	77
Receivables from intermediaries	337	337
Reinsurance receivables	31	47
Other	466	294
Total gross	**2,015**	**1,909**
Impairments	(54)	(49)
Total net	**1,961**	**1,860**

The line 'Other' includes VAT and other indirect taxes, as well as the advance payment of EUR 215 million (31 December 2019: EUR 8 million) to the Stichting Forsettlement (see note 25 Provisions).

Changes in impairments of reinsurance and other receivables	2020	2019
Balance as at 1 January	**49**	**49**
Increase in impairments	17	3
Release of impairments	(2)	(1)
Write-offs of uncollectible amounts	(10)	(2)
Foreign exchange differences and other adjustments		
Balance as at 31 December	**54**	**49**

The increases in impairments and write-offs of uncollectible amounts were linked to Covid-19 related rental receivables that Ageas has written off for the lease of retail property and office buildings.

Changes in the reinsurer's share of liabilities arising from insurance and investment contracts	2020	2019
Balance as at 1 January	**729**	**660**
Change in liabilities current year	104	47
Change in liabilities prior years	(54)	(36)
Claims paid current year	(28)	28
Claims paid prior years	(72)	(27)
Other net additions through income statement	59	40
Foreign exchange differences and other adjustments	(18)	17
Balance as at 31 December	**720**	**729**

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Accrued interest and other assets

	31 December 2020	31 December 2019
Deferred acquisition cost	408	425
Deferred other charges	96	88
Accrued income	1,043	1,104
Derivatives held for hedging purposes	3	
Property intended for sale	228	194
Defined benefit assets	45	50
Other	63	50
Total gross	**1,886**	**1,912**
Impairments	(1)	(1)
Total net	**1,885**	**1,911**

Accrued income consists mainly of accrued interest income on government bonds (2020: EUR 676 million; 2019: EUR 696 million) and corporate bonds (2020: EUR 234 million; 2019: EUR 266 million).

Deferred acquisition costs

	2020	2019
Balance as at 1 January	**425**	**408**
Capitalised deferred acquisition costs	491	254
Depreciation expense	(497)	(241)
Other adjustments including exchange rate differences	(11)	4
Balance as at 31 December	**408**	**425**

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Property, plant and equipment

Property, plant and equipment include office buildings and public car parks.

	31 December 2020	31 December 2019
Car parks	1,461	1,349
Land and buildings held for own use	217	223
Leasehold improvements	28	28
Equipment, motor vehicles and IT equipment	121	117
Buildings under construction		2
Total	**1,827**	**1,719**

	Land & building held for own use and car parks		Equipment, motor vehicles and IT equipment	
2020	Own Property	Leased Property (right of use)	Own Property	Leased Property (right of use)
Acquisition cost as at 1 January	**1,821**	**522**	**383**	**32**
Additions	112	92	39	12
Reversal of cost due to disposals	(1)	(6)	(13)	(4)
Foreign exchange differences and other	6	5	(63)	
Acquisition cost as at 31 December	**1,938**	**613**	**346**	**40**
Accumulated depreciation as at 1 January	**(694)**	**(66)**	**(288)**	**(9)**
Depreciation expense	(40)	(63)	(32)	(10)
Reversal of depreciation due to disposals	1	5	9	1
Foreign exchange differences and other	(5)		64	1
Accumulated depreciation as at 31 December	**(738)**	**(124)**	**(247)**	**(17)**
Accumulated impairments as at 1 January	**(10)**	**(1)**	**(1)**	
Increase in impairments				
Reversal of impairments				
Reversal of impairments due to disposals				
Foreign exchange differences and other				
Accumulated impairments as at 31 December	**(10)**	**(1)**	**(1)**	
Total as at 31 December	**1,190**	**488**	**98**	**23**

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	**1,775**		**363**	
Change in accounting policy		468		22
Acquisitions/divestments of subsidiaries				
Additions	42	46	24	9
Reversal of cost due to disposals		2	(8)	
Foreign exchange differences and other	4	6	4	1
Acquisition cost as at 31 December	**1,821**	**522**	**383**	**32**
Accumulated depreciation as at 1 January	**(660)**		**(257)**	
Depreciation expense	(39)	(60)	(33)	(9)
Reversal of depreciation due to disposals			6	
Foreign exchange differences and other	5	(6)	(4)	
Accumulated depreciation as at 31 December	**(694)**	**(66)**	**(288)**	**(9)**
Accumulated impairments as at 1 January	**(10)**		**(3)**	
Increase in impairments	(1)	(4)	(1)	
Reversal of impairments	1			
Reversal of impairments due to disposals			3	
Foreign exchange differences and other		3		
Accumulated impairments as at 31 December	**(10)**	**(1)**	**(1)**	
Total as at 31 December	**1,117**	**455**	**94**	**23**

An amount of EUR 173 million of property, plant and equipment has been pledged as collateral (31 December 2019: EUR 178 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 2020	31 December 2019
Total fair value of Land and buildings held for own use and car parks	**1,811**	**1,742**
Total carrying amount (including lease liability)	1,188	1,118
Gross unrealised gains (losses)	**623**	**624**
Taxation	(164)	(168)
Net unrealised gains (losses) (not recognised in equity)	**459**	**456**

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Goodwill and other intangible assets

	31 December 2020	31 December 2019
Goodwill	602	614
Public car park service concessions	450	431
VOBA	45	58
Software	64	39
Other intangible assets	68	61
Total	**1,229**	**1,203**

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	
	2020	2019	2020	2019	2020	2019
Acquisition cost as at 1 January	**644**	**630**	**529**	**529**	**684**	**594**
Change in accounting policy						48
Acquisitions/divestments of subsidiaries						42
Additions	1				52	40
Reversal of cost due to disposals					(1)	(39)
Foreign exchange differences and other	(15)	14			(9)	(1)
Acquisition cost as at 31 December	**630**	**644**	**529**	**529**	**726**	**684**
Accumulated amortisation as at 1 January			**(471)**	**(456)**	**(242)**	**(239)**
Amortisation expense			(13)	(15)	(24)	(25)
Reversal of amortisation due to disposals					1	22
Accumulated amortisation as at 31 December			**(484)**	**(471)**	**(265)**	**(242)**
Accumulated impairments as at 1 January	**(30)**	**(28)**			**(11)**	**(28)**
Acquisitions/divestments of subsidiaries						
Increase in impairments						
Reversal of impairments						17
Foreign exchange differences and other	2	(2)				
Accumulated impairments as at 31 December	**(28)**	**(30)**			**(11)**	**(11)**
Total as at 31 December	**602**	**614**	**45**	**58**	**450**	**431**

The line ‘Change in accounting policy’ in 2019 is linked to the implementation of IFRS 16 ‘leases’ relating to ‘service concession rights’.

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 2020 is as follows.

	Goodwill amount	Impairments	Net amount	Segment	Method used for recoverable amount
Cash-generating unit (CGU)					
Ageas Portugal	337		337	Continental Europe (CEU)	Value in use
Ageas (UK)	262	28	234	United Kingdom (UK)	Value in use
Other	31		31		Value in use
Total	**630**	**28**	**602**		

Ageas Portugal

The reported goodwill for Ageas Portugal amounts to EUR 337 million (2019: EUR 336 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.

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 7.7 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 6.7 percent.

Ageas UK

Goodwill for Ageas UK amounts to GBP 235 million (2019: GBP 235 million). The net goodwill after impairment amounts to GBP 210 million (2019: GBP 210 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 more than 3.6 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
2021	11
2022	10
2023	8
2024	6
2025	10
Total	**45**

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Shareholders' equity

The following table shows the composition of shareholders' equity as at 31 December 2020.

Share capital	
Ordinary shares: 194,553,574 shares issued and paid with a fraction value of EUR 7.72	1,502
Share premium reserve	2,051
Other reserves	2,978
Currency translation reserve	(260)
Net result attributable to shareholders	1,141
Unrealised gains and losses	4,143
Shareholders' equity	**11,555**

18.1 Shares issued and potential number of shares

To the extent rules and regulations permit, and in the interest of the Company, the Board of Ageas was authorised for a period of three years (2020-2022) by the General Meeting of Shareholders of 20 May 2020 to increase the share capital by a maximum amount of EUR 150,000,000 for general purposes.

Applied to a fraction value of EUR 7.72, this enables the issuance of up to 19,400,000 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).

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 (7.6 million) consists of shares held for the FRESH (1.2 million), shares underlying repurchased FRESH securities (2.8 million) and the remaining shares resulting from the share buy-back programme (3.6 million) of which 0.1 million shares are used for the vesting of the restricted share programme.

Extinguishment of FRESH securities

On 3 January 2020, Ageas announced that in total 65.50% (EUR 818,750,000) of the aggregate principal amount of the FRESH securities outstanding were tendered and accepted for purchase for a cash payment of EUR 513 million. The purchased FRESH securities were exchanged into 2,599,206 underlying shares of ageas SA/NV on 13 January 2020.

On 2 April 2020, Ageas purchased an additional number of FRESH securities from an external third party, which were further exchanged into 150,000 underlying shares of ageas SA/NV.

These shares remain on the Group's statement of financial position as treasury shares and continue not to be entitled to dividends or voting rights. Details of the FRESH securities are provided in note 20 Subordinated liabilities.

Share buy-back programme 2019-2020

Ageas announced on 7 August 2019 a new share buy-back programme, starting on 19 August 2019 and running up to 5 August 2020, for an amount of EUR 200 million. This programme was completed and in total 4,926,363 shares were bought back, corresponding to 2.53% of the total shares outstanding.

The Extraordinary General Meeting of Shareholders of ageas SA/NV of 20 May 2020 approved the cancellation of 3,820,753 shares. As a result, the total number of issued shares is reduced to 194,553,574.

Restricted share programme

Ageas created restricted share programmes for the members of the Executive and Management Committee (see also note 6 section 6.2 Employee share and share-linked incentive plans).

18.2 Outstanding shares

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2019	**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**
Cancelled shares	(3,821)	3,821	
Balance (acquired)/sold		(3,592)	(3,592)
Used for management share plans			
Number of shares as at 31 December 2020	**194,553**	**(7,591)**	**186,962**

18.3 Shares entitled to dividend and voting rights

in thousands	
Number of shares issued as at 31 December 2020	**194,553**
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	6,341
Shares related to FRESH (see note 20)	1,219
Shares related to CASHES (see notes 23 and 43)	3,959
Shares entitled to voting rights and dividend	**183,034**

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.

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 2020	Available for sale investments	Reclassified to held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	9,899	(33)	1,300	(22)		11,144
Related tax	(2,415)	8		1		(2,406)
Shadow accounting	(5,042)					(5,042)
Related tax	1,302					1,302
Non-controlling interests	(890)	10	23	2		(855)
Discretionary participation feature (DPF)	19				(19)	
Total	**2,873**	**(15)**	**1,323**	**(19)**	**(19)**	**4,143**

31 December 2019	Available for sale investments	Reclassified to held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	8,660	(38)	1,156	(54)		9,724
Related tax	(2,074)	9		2		(2,063)
Shadow accounting	(3,852)					(3,852)
Related tax	997					997
Non-controlling interests	(906)	11	17	3		(875)
Discretionary participation feature (DPF)	15				(15)	
Total	**2,840**	**(18)**	**1,173**	**(49)**	**(15)**	**3,931**

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 2019	**5,928**	**(44)**	**298**	**(7)**	**6,175**
Changes in unrealised gains (losses)					
during the year	2,820		858	(47)	3,631
Reversal unrealised (gains) losses because of sales	(105)				(105)
Reversal unrealised losses					
because of impairments	16				16
Acquisition and divestments of associates					
Amortisation		6			6
Foreign exchange differences and other	1				1
Gross unrealised gains (losses) as at 31 December 2019	**8,660**	**(38)**	**1,156**	**(54)**	**9,724**
Changes in unrealised gains (losses)					
during the year	1,539		144	5	1,688
Reversal unrealised (gains) losses because of sales	(221)			20	(201)
Reversal unrealised losses					
because of impairments	(53)				(53)
Acquisition and divestments of associates	(26)				(26)
Amortisation		4			4
Foreign exchange differences and other		1		7	8
Gross unrealised gains (losses) as at 31 December 2020	**9,899**	**(33)**	**1,300**	**(22)**	**11,144**

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 2020

Ageas's solvency and cash position have shown great resilience over the past year and its operations remain strong. As a result, the Ageas Board of Directors proposes in full respect of the guidance issued by the National Bank of Belgium, to distribute a gross cash dividend of EUR 2.65 per share over the financial year 2020. This corresponds to a pay-out ratio of 56% on the Group net result excluding the impact from RPN(I) and the FRESH operation.

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.

	2020	2019
Return on equity Insurance (excluding unrealised gains & losses)	12.4%	15.3%

18.8 Earnings per share

The following table details the calculation of earnings per share.

	2020	2019
Net result attributable to shareholders	**1,141**	**979**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	187,938	192,525
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	159	72
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**188,097**	**192,597**
Basic earnings per share (in euro per share)	6.07	5.09
Diluted earnings per share (in euro per share)	6.06	5.08

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 issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights.

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Insurance liabilities

19.1 Liabilities arising from Life insurance contracts

	31 December 2020	31 December 2019
Liability for future policyholder benefits	26,516	26,098
Reserve for policyholder profit sharing	182	218
Shadow accounting	3,292	2,457
Before eliminations	**29,990**	**28,773**
Eliminations	(17)	(12)
Gross	**29,973**	**28,761**
Reinsurance	(34)	(18)
Net	**29,939**	**28,743**

Changes in the liabilities arising from Life insurance contracts (gross of reinsurance and before eliminations) are shown below.

	2020	2019
Balance as at 1 January	**28,773**	**26,997**
Gross inflow	2,064	2,127
Time value	662	704
Payments due to surrenders, maturities and other	(2,084)	(1,849)
Transfer of liabilities	267	(63)
Shadow accounting adjustment	835	1,384
Other changes, including risk coverage	(527)	(527)
Balance as at 31 December	**29,990**	**28,773**

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 2020 and 2019.

19.2 Liabilities arising from Life investment contracts

	31 December 2020	31 December 2019
Liability for future policyholder benefits	29,672	30,594
Reserve for policyholder profit sharing	250	254
Shadow accounting	1,707	1,395
Gross	**31,629**	**32,243**

	2020	2019
Balance as at 1 January	**32,243**	**30,860**
Gross inflow	1,800	2,812
Time value	307	432
Payments due to surrenders, maturities and other	(2,608)	(2,234)
Transfer of liabilities	(350)	(153)
Shadow accounting adjustment	312	637
Other changes, including risk coverage	(75)	(111)
Balance as at 31 December	**31,629**	**32,243**

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 2020 and 2019.

19.3 Liabilities related to unit-linked contracts

	31 December 2020	31 December 2019
Insurance contracts	2,904	2,741
Investment contracts	14,186	13,697
Total	**17,090**	**16,438**

The following table shows the changes in liabilities related to unit-linked insurance contracts.

	2020	2019
Balance as at 1 January	**2,741**	**2,359**
Gross inflow	294	231
Changes in fair value / time value	66	341
Payments due to surrenders, maturities and other	(152)	(137)
Transfer of liabilities	(34)	(43)
Other changes, including risk coverage	(11)	(10)
Balance as at 31 December	**2,904**	**2,741**

The following table shows the changes in liabilities related to unit-linked investment contracts.

	2020	2019
Balance as at 1 January	**13,697**	**13,153**
Gross inflow	1,056	1,160
Changes in fair value / time value	323	1,474
Payments due to surrenders, maturities and other	(1,298)	(2,314)
Transfer of liabilities	442	251
Foreign exchange differences	(3)	1
Other changes, including risk coverage	(31)	(28)
Balance as at 31 December	**14,186**	**13,697**

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 2020	31 December 2019
Claims reserves	7,076	6,994
Unearned premiums	1,614	1,578
Reserve for policyholder profit sharing	11	16
Before eliminations	**8,744**	**8,588**
Eliminations	(1,340)	(990)
Gross	**7,404**	**7,598**
Reinsurance	(686)	(711)
Net	**6,718**	**6,887**

Changes in the liabilities arising from insurance contracts for Non-life insurance contracts (gross of reinsurance and before eliminations) are shown below.

		2020		2019
Balance as at 1 January		**8,588**		**7,449**
Acquisitions/divestments of subsidiaries				(4)
Addition to liabilities current year	2,559		2,790	
Claims paid current year	(1,223)		(1,332)	
Change in liabilities current year	1,336		1,458	
Addition to liabilities prior years	(227)		(305)	
Claims paid prior years	(1,188)		(1,117)	
Change in liabilities prior years	(1,415)		(1,422)	
Change in liabilities (current and prior years)		(79)		36
Change in unearned premiums		22		
Transfer of liabilities		(106)		(74)
Foreign exchange differences		(140)		130
Other changes		459		1,051
Balance as at 31 December		**8,744**		**8,588**

19.5 Insurance Liabilities Adequacy Testing

The tests carried out at 2020 year-end have confirmed that the reported insurance 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 2020	Total Non-life	Unearned premium	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	4,086	355	3,689	62,878	10,654	52,224
UK	2,427	691	1,736			
Continental Europe	843	192	651	15,821	6,436	9,385
Reinsurance	1,388	376	1,012	7		7
Eliminations	(1,340)		(1,341)	(14)		(14)
Insurance total	**7,404**	**1,614**	**5,747**	**78,692**	**17,090**	**61,602**

		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	4,079	349	3,730	61,255	9,800	51,455
UK	2,630	720	1,910			
Continental Europe	856	189	667	16,199	6,638	9,561
Reinsurance	1,023	320	703			
Eliminations	(990)		(990)	(12)		(12)
Insurance total	**7,598**	**1,578**	**6,020**	**77,442**	**16,438**	**61,004**

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Subordinated liabilities

	31 December 2020	31 December 2019
Issued by Ageasfinlux S.A.		
FRESH Restricted Tier 1 Notes	384	1,250
Issued by ageas SA/NV		
Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes	750	744
Subordinated Fixed to Floating Rate Tier 2 Notes	994	493
Issued by AG Insurance		
Subordinated Fixed to Floating Rate Tier 2 Loan	74	74
Fixed Rate Reset Dated Subordinated Tier 2 Notes	397	397
Fixed to Floating Callable Subordinated Tier 2 Notes	100	100
Issued by Millenniumbcp Ageas		
Fixed to Floating Rate Callable Subordinated Restricted Tier 1 Loan	59	59
Total subordinated liabilities	**2,758**	**3,117**

	31 December 2020	31 December 2019
Balance as at 1 January	**3,117**	**2,285**
Proceeds from issuance	498	1,311
Redemption	(507)	(484)
Realised Gains	(359)	
Foreign exchange differences and other	9	5
Balance as at 31 December	**2,758**	**3,117**

Most of the outstanding subordinated liabilities as at 31 December 2020 are positions with a maturity of more than 5 years.

20.1 FRESH Grandfathered Restricted Tier 1 Notes

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 currently outstanding 1.2 million Ageas shares that Ageasfinlux SA pledges 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 2020 already includes the 1.2 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. Ageasfinlux S.A. simultaneously launched a consent solicitation to permit the purchase of the FRESH securities. Consent of at least a majority of the aggregate principal amount of the FRESH outstanding was necessary for the proposed amendment to the conditions of the FRESH to be adopted.

On 3 January 2020, Ageas announced that in total 65.50% (EUR 818,750,000) of the aggregate principal amount of the FRESH securities outstanding were tendered and accepted for purchase. Subsequently, at the beginning of Q2 2020 Ageas purchased FRESH securities representing an aggregate principal amount of EUR 47,250,000 following a reverse inquiry by a third-party holder. Please refer to note 32 for the resulting impact on profit or loss of these FRESH tenders. All the purchased FRESH securities in 2020 were exchanged into 2,749,206 underlying shares of ageas SA/NV. These shares will remain on the Group's balance sheet as treasury shares and will continue not to be entitled to dividends or voting rights. The total number of outstanding shares of ageas SA/NV as an effect from the operation remains unchanged.

20.2 Subordinated Fixed to Floating Rate Tier 2 Notes

On 24 November 2020 ageas SA/NV issued debt securities in the form of EUR 500 million Subordinated Fixed to Floating Rate Tier 2 Notes maturing in 2051.

The Notes have a fixed coupon rate of 1.875 % payable annually until the first reset date (24 November 2031). As of the first reset 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. Note that Ageas at its option may choose to call the instrument as of 24 May 2031, which is 6 months prior to the first reset date.

The 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 A- by Standard & Poor's and BBB+ by Fitch. The instrument is listed on the regulated market of the Luxembourg Stock Exchange.

20.3 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 were 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).

20.4 Subordinated Fixed to Floating Rate Tier 2 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 Tier 2 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 A- by Standard & Poor's and BBB+ by Fitch. It is listed on the regulated market of the Luxembourg Stock Exchange.

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 Tier 2 Notes

On 31 March 2015, AG Insurance issued EUR 400 million Fixed Rate Subordinated Tier 2 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 Tier 2 Notes

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Callable Subordinated Tier 2 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 Grandfathered Restricted Tier 1 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. As of Q2 2020 the loan previously owned by Ageas Insurance International has been transferred to the balance sheet of ageas SA/NV. The part underwritten by ageas SA/NV 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).

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Borrowings

	31 December 2020	31 December 2019
Repurchase agreements	2,312	1,443
Loans	898	850
Due to banks	**3,210**	**2,293**
Funds held under reinsurance agreements	77	83
Lease liabilities	570	506
Other borrowings	63	74
Total borrowings	**3,920**	**2,956**

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 173 million (2019: EUR 178 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.

	31 December 2020	31 December 2019
Balance as at 1 January	**2,956**	**2,184**
Change in accounting policy		538
Acquisition/divestments of subsidiaries		49
Proceeds from issuance	1,053	383
Payments	(90)	(182)
Foreign exchange differences and other changes	1	(16)
Balance as at 31 December	**3,920**	**2,956**

The line 'Change in accounting policy' in 2019 is linked to the implementation of IFRS 16 'leases' and includes EUR 48 million related to 'service concession rights'.

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 2020	31 December 2019
Less than 1 year	2,554	1,784
1 year to 3 years	358	393
3 years to 5 years	310	141
More than 5 years	128	132
Total	**3,350**	**2,450**

Lease obligations as lessee (undiscounted)

		Minimum lease payments
	2020	2019
Less than 1 year	82	76
1 year to 2 years	74	71
2 years to 3 years	72	65
3 years to 4 years	58	51
4 years to 5 years	51	44
More than 5 years	441	437
Total	**778**	**744**
Annual rental expense	5	5
Future finance charges	208	238

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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	
	2020	2019	2020	2019
Deferred tax assets related to:				
Financial investments (available for sale)	13	11	8	2
Investment property	9	7	1	(3)
Loans to customers	2	2	1	
Property, plant and equipment	41	42	(1)	(2)
Intangible assets (excluding goodwill)	8	8		
Insurance policy and claim reserves	1,111	872	(15)	(27)
Debt certificates and subordinated liabilities		(2)		
Provisions for pensions and post-retirement benefits	121	97	6	(19)
Other provisions	10	9		(3)
Accrued expenses and deferred income	1	1	1	1
Unused tax losses	98	106	(6)	(15)
Other	98	94	3	11
Gross deferred tax assets	**1,512**	**1,247**	**(2)**	**(55)**
Unrecognised deferred tax assets	(27)	(27)		1
Net deferred tax assets	**1,485**	**1,220**	**(2)**	**(54)**
Deferred tax liabilities related to:				
Financial investments (available for sale)	2,079	1,801	(3)	(3)
Investment property	94	103	5	1
Loans to customers	1	1		
Property, plant and equipment	135	139	4	7
Intangible assets (excluding goodwill)	84	88	4	4
Debt certificates and subordinated liabilities	1			
Other provisions	7	3	(10)	(2)
Deferred policy acquisition costs	33	32	(1)	
Deferred expense and accrued income	1	1		
Tax exempt realised reserves	23	25	2	(2)
Other	34	40	7	(10)
Total deferred tax liabilities	**2,492**	**2,233**	**8**	**(5)**
Deferred tax income (expense)			**6**	**(59)**
Net deferred tax	**(1,007)**	**(1,013)**		

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.

	2020	2019
Deferred tax asset	98	106
Deferred tax liability	1,105	1,119
Net deferred tax	**(1,007)**	**(1,013)**

As at 31 December 2020, the current and deferred tax recorded in total equity amount to EUR 54 million and EUR 1,050 million respectively. (2019: EUR 47 million and EUR 1,018 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 71 million (2019: EUR 78 million). The tax losses that have not been recognised amount to EUR 3,308 million at 31 December 2020 (2019: EUR 3,325 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.

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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 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 2020, 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 13 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 2020) 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 increased from EUR 359 million at year-end 2019 to EUR 420 million at 31 December 2020, predominantly driven by the decrease in the Ageas share price from EUR 52.68 to EUR 43.58 in 2020 combined with an increase in CASHES price from 81.55% to 84.17% over the same period.

Sensitivity of RPN(I) Value

At 31 December 2020, 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 million.

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Accrued interest and other liabilities

	31 December 2020	31 December 2019
Deferred revenues	139	146
Accrued finance costs	57	51
Accrued other expenses	99	97
Derivatives held for hedging purposes	27	55
Derivatives held for trading	8	10
Defined benefit pension liabilities	870	792
Defined benefit liabilities other than pension	153	140
Termination benefits	4	5
Other long-term employee benefit liabilities	18	17
Short-term employee benefit liabilities	92	95
Liabilities related to written put options on NCI	101	113
Accounts payable	261	213
Due to agents, policyholders and intermediaries	509	428
VAT and other taxes payable	149	149
Dividends payable	16	14
Due to reinsurers	31	17
Other liabilities	400	403
Total	**2,934**	**2,745**

Details of employee benefit liabilities can be found in note 6 section 6.1 Employee benefits.

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 Accounts payable, Due to agents, policy holders and intermediaries, VAT and other tax payable, Dividends payable, Due to reinsurers and other liabilities classified by relevant maturity group.

31 December 2020	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Undiscounted cashflow	1,162	169	4	33
Total	**1,162**	**169**	**4**	**33**

31 December 2019	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Undiscounted cashflow	1,141	39	3	42
Total	**1,141**	**39**	**3**	**42**

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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 claimant 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 246 million provision as at 31 December 2020 (31 December 2019: EUR 514 million) are:

- EUR 1,309 million related to the WCAM settlement agreement;
- EUR 18 million related to the tail risk, including accrued expenses;
- Minus EUR 1 million still to be provided to Stichting FORsettlement by Stichting FORclaims, the foundation managing the contribution by the Insurers;
- Minus EUR 1,079 million already paid to eligible shareholders.

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 2020	31 December 2019
Balance as at 1 January	**582**	**887**
Acquisition and divestment of subsidiaries		
Increase (Decrease) in provisions	(36)	(8)
Utilised during the year	(223)	(298)
Foreign exchange differences and other	(1)	1
Balance as at 31 December	**322**	**582**

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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 2020	Equity as at 31 December 2020	% of non-controlling interest	Result as at 31 December 2019	Equity as at 31 December 2019
Group company						
AG Insurance (Belgium)	25.0%	97	1,637	25.0%	94	1,652
AG Real Estate (part of AG Insurance)						
mainly Interparking NCI for 49% held	25.0%	24	322	25.0%	81	398
by minority shareholders of AG Real Estate						
Millenniumbcp Ageas (part of CEU)	49.0%	39	258	49.0%	24	208
Other		(1)	2			2
Total NCI		**159**	**2,219**		**199**	**2,260**

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 100 million (2019: EUR 112 million). AG Insurance has granted other put options for an amount of EUR 1 million (2019: EUR 1 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:

Financial information (100% interest)	Assets as at 31 December 2020	Liabilities as at 31 December 2020	Equity as at 31 December 2020	Assets as at 31 December 2019	Liabilities as at 31 December 2019	Equity as at 31 December 2019
Subsidiary						
Millenniumbcp Ageas	10,848	10,526	322	11,245	11,025	220

27 Derivatives

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.

Trading derivatives

			31 December 2020			31 December 2019
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	14	1	560	8	2	660
Swaps			6			10
Total	**14**	**1**	**566**	**8**	**2**	**670**
Interest rate contracts						
Swaps	2	7	213	2	8	251
Total	**2**	**7**	**213**	**2**	**8**	**251**
Total	**16**	**8**	**779**	**10**	**10**	**921**
Fair values supported by observable market data						
Fair values obtained using a valuation model	16	8		10	10	
Total	**16**	**8**		**10**	**10**	
Over the counter (OTC)	16	8	779	10	10	921
Total	**16**	**8**	**779**	**10**	**10**	**921**

Hedging derivatives

	31 December 2020			31 December 2019		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	3		140			
Total	**3**		**140**			
Interest rate contracts						
Swaps		27	834		54	1,408
Total		**27**	**834**		**54**	**1,408**
Total	**3**	**27**	**974**		**55**	**1,427**
Fair values supported by observable market data	3	20			47	
Fair values obtained using a valuation model		7			8	
Total	**3**	**27**			**55**	
Over the counter (OTC)	3	27	974		55	1,427
Total	**3**	**27**	**974**		**55**	**1,427**

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Commitments

Commitments received and given are detailed as follows.

Commitments	31 December 2020	31 December 2019
Commitment Received		
Credit lines	1,114	962
Collateral and guarantees received	4,435	4,156
Other off-balance sheet rights	38	15
Total received	**5,587**	**5,133**
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	292	280
Available credit lines	982	1,947
Collateral and guarantees given	2,459	1,630
Entrusted assets and receivables	1,006	945
Capital rights & commitments	189	155
Real Estate commitments	419	548
Other off-balance sheet commitments	961	644
Total given	**6,308**	**6,149**

The collateral and guarantees received relate mainly to residential mortgages and to a lesser extent on policyholder loans and commercial loans.

Other off-balance sheet commitments as at 31 December 2020 include EUR 185 million in outstanding credit bids (31 December 2019: EUR 93 million).

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Fair value of financial assets and financial liabilities

The following table shows the fair value of financial assets and liabilities measured at amortised cost.

		31 December 2020		31 December 2019	
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,241	2,241	3,745	3,745
Financial Investments held to maturity	1	4,416	7,101	4,438	6,878
Loans	2	13,398	14,936	11,072	12,138
Reinsurance and other receivables	2	1,961	1,961	1,860	1,860
Total financial assets		**22,016**	**26,239**	**21,115**	**24,621**
Liabilities					
Subordinated liabilities	2	2,758	2,847	3,117	3,204
Borrowings, excluding lease liabilities	2	3,350	3,363	2,450	2,450
Total financial liabilities		**6,108**	**6,210**	**5,567**	**5,654**

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.

E

Notes to the Consolidated Income Statement

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Insurance premiums

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.

	2020	2019
Gross inflow Life	5,197	6,329
Gross inflow Non-life	4,298	4,218
General account and eliminations	(3)	(2)
Total gross inflow	**9,492**	**10,545**

	2020	2019
Net earned premiums Life	4,111	5,129
Net earned premiums Non-life	3,893	3,894
General account and eliminations	(2)	(2)
Total net earned premiums	**8,002**	**9,021**

Life

	2020	2019
Unit-linked insurance contracts		
Single written premiums	178	156
Periodic written premiums	115	75
Total unit-linked insurance contracts	**293**	**231**
Non unit-linked insurance contracts		
Single written premiums	338	381
Periodic written premiums	969	944
Group business total	*1,307*	*1,325*
Single written premiums	321	393
Periodic written premiums	421	409
Individual business total	*742*	*802*
Total non unit-linked insurance contracts	**2,049**	**2,127**
Investment contracts with DPF		
Single written premiums	1,278	2,274
Periodic written premiums	521	535
Total investment contracts with DPF	**1,799**	**2,809**
Gross premium income Life	**4,140**	**5,167**
Single written premiums	1,012	1,112
Periodic written premiums	45	50
Premium inflow deposit accounting	**1,057**	**1,162**
Gross inflow Life	**5,197**	**6,329**

	2020	2019
Gross premiums Life	4,140	5,167
Ceded reinsurance premiums	(29)	(38)
Net earned premiums Life	**4,111**	**5,129**

Non-life

Property & Casualty includes premiums received for motor, fire and other damage to property.

2020	Accident & Health	Property & Casualty	Total
Gross written premiums	969	3,329	4,298
Change in unearned premiums, gross	6	(29)	(23)
Gross earned premiums	**975**	**3,300**	**4,275**
Ceded reinsurance premiums	(42)	(339)	(381)
Reinsurers' share of unearned premiums	(2)	1	(1)
Net earned premiums Non-life	**931**	**2,962**	**3,893**

2019	Accident & Health	Property & Casualty	Total
Gross written premiums	980	3,239	4,219
Change in unearned premiums, gross	(6)	5	(1)
Gross earned premiums	**974**	**3,244**	**4,218**
Ceded reinsurance premiums	(46)	(279)	(325)
Reinsurers' share of unearned premiums	2	(1)	1
Net earned premiums Non-life	**930**	**2,964**	**3,894**

Below is a breakdown of the Non-life net earned premiums by insurance operating segment. The increase in the segment Reinsurance and the decreases in other operating segments are related to the additional step-up of the internal reinsurance programme in 2020.

2020	Accident & Health	Property & Casualty	Total
Belgium	473	904	1,377
UK	15	597	612
Continental Europe	219	158	377
Reinsurance	224	1,302	1,526
Elimination		1	1
Net earned premiums Non-life	**931**	**2,962**	**3,893**

2019	Accident & Health	Property & Casualty	Total
Belgium	502	1,025	1,527
UK	22	473	495
Continental Europe	270	206	476
Reinsurance	136	1,261	1,397
Elimination		(1)	(1)
Net earned premiums Non-life	**930**	**2,964**	**3,894**

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Interest, dividend and other investment income

	2020	2019
Interest income		
Interest income on cash & cash equivalents	3	3
Interest income on loans to banks	19	17
Interest income on investments	1,446	1,535
Interest income on loans to customers	259	240
Interest income on derivatives held for trading and other	3	1
Total interest income	**1,730**	**1,796**
Dividend income from equity securities	128	138
Rental income from investment property	206	213
Rental income from parking garage	302	442
Other investment income	26	23
Total interest, dividend and other investment income	**2,392**	**2,612**

Rental income from car parks in 2020 has been adversely impacted by the Covid-19 pandemic, especially for airport and city center car parks.

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Result on sales and revaluations

	2020	2019
Debt securities classified as available for sale	50	53
Equity securities classified as available for sale	24	116
Financial instruments held for trading	1	5
Investment property	157	154
Capital gain (losses) on sale of shares of subsidiaries	26	13
Investments in associates	40	1
Property, plant and equipment	(1)	
Assets and liabilities held at fair value		
through profit or loss	(3)	2
Hedging results	(14)	(4)
Other	359	(14)
Total Result on sales and revaluations	**639**	**326**

The line ‘Other’ in 2020 is mainly linked to the tender operation on the FRESH securities in the first quarter, followed by the repurchase of an additional number of FRESH securities in the second quarter. The two transactions generated a gain of EUR 332 million, net of the result on the associated interest rate swap.

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Investment income related to unit-linked contracts

	2020	2019
(Un)realised gains (losses) - insurance contracts	55	333
(Un)realised gains (losses) - investment contracts	453	1,502
(Un)realised gains (losses)	**508**	**1,835**
Investment income - insurance contracts	8	10
Investment income - investment contracts	(32)	53
Realised investment income	**(24)**	**63**
Total investment income related to unit-linked contracts	**484**	**1,898**

34
Fee and commission income

	2020	2019
Reinsurance commissions	98	81
Insurance and investment fees	168	152
Asset management	28	30
Guarantees and commitment fees	1	1
Other service fees	90	101
Total fee and commission income	**385**	**365**

The line item 'Other service fees' mainly relates to fees received by Ageas brokerage companies for the sale of insurance policies to third parties.

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Other income

	2020	2019
Proceeds of sale of property intended for sale	60	92
Recovery of staff and other expenses from third parties	26	32
Other	115	130
Total other income	**201**	**254**

The line item ‘Other’ mainly includes the re-invoicing of service costs related to rental activities.

36
Insurance claims and benefits

	2020	2019
Life insurance	4,623	5,939
Non-life insurance	2,194	2,358
General account and eliminations	(2)	(3)
Total insurance claims and benefits, net	**6,815**	**8,294**

	2020	2019
Benefits and surrenders, gross	5,098	4,578
Change in liabilities arising from insurance and investment contracts, gross	(453)	1,379
Total Life insurance claims and benefits, gross	**4,645**	**5,957**
Reinsurers' share of claims and benefits	(22)	(18)
Total Life insurance claims and benefits, net	**4,623**	**5,939**

	2020	2019
Claims paid, gross	2,411	2,449
Change in liabilities arising from insurance contracts, gross	(79)	36
Total Non-life insurance claims and benefits, gross	**2,332**	**2,485**
Reinsurers' share of claims paid	(157)	(118)
Reinsurers' share of change in liabilities	19	(9)
Total Non-life insurance claims and benefits, net	**2,194**	**2,358**

Net earned premiums in Non-Life were level compared to last year (see note 30). Non-Life insurance claims benefited significantly from low mobility as a result of the Covid-19 lockdowns, reducing the claims frequency in Motor. This was partly offset by higher windstorm cost in the UK and Belgium.

37
Financing costs

	2020	2019
Subordinated liabilities	78	58
Lease liability	16	15
Borrowings from banks	17	19
Derivatives	7	14
Other	21	23
Total financing costs	**139**	**129**

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Change in impairments

	2020	2019
Investments in equity securities and other	152	47
Investments in debt securities	2	
Investment property	1	1
Loans	2	
Reinsurance and other receivables	15	2
Property, plant and equipment		5
Goodwill and other intangible assets		1
Total change in impairments	**172**	**56**

The level of impairments on equity securities in 2020 reflects the adverse equity market movements induced by the Covid-19 pandemic, especially in the first and second quarter of the year. The increase in impairments on reinsurance and other receivables relates to Covid-19 related rent concessions that Ageas gave as lessor for the lease of retail property and office buildings.

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Fee and commission expenses

	2020	2019
Securities	6	5
Intermediaries	1,084	1,073
Asset management fees	6	6
Custodian fees	6	6
Other fee and commission expenses	36	3
Total fee and commission expenses	**1,138**	**1,093**

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Staff expenses

	2020	2019
Salaries and wages	583	588
Social security charges	126	127
Pension expenses relating to defined benefit pension plans	54	46
Defined contribution plan expenses	11	11
Share-based compensation	3	7
Other	57	52
Total staff expenses	**834**	**831**

The line item ‘Other’ includes mainly other short-term employee benefits.

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.

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Other expenses

	2020	2019
Depreciation on tangible assets		
Buildings held for own use and car parks	103	99
Leasehold improvements	5	5
Investment property	94	91
Equipment	34	34
Amortisation of intangible assets		
Purchased software	7	7
Internally developed software	3	3
Value of business acquired (VOBA)	13	15
Other intangible assets	28	28
Other		
Other rental expenses and related expenses	18	14
Variable Lease Payments	48	89
Operating and other direct expenses relating to investment property	51	55
Operating and other direct expenses relating to property for own use	57	60
Professional fees	126	165
Capitalised deferred acquisition costs	(418)	(254)
Depreciation deferred acquisition costs	423	241
Marketing and public relations costs	60	68
Information technology costs	174	169
Maintenance and repair expenses	23	15
Cost of sale of property intended for sale	53	82
Other	263	295
Total other expenses	**1,165**	**1,281**

Ageas's car park operator has arrangements whereby a variable lease is paid for car parks. The decrease in variable lease expense reflects lower turnover in these car parks in 2020 as a result of the Covid-19 pandemic.

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.

41.1 Audit fees

For 2020 and 2019, these fees can be broken down into the following components:

- audit fees, which include fees for auditing the statutory, consolidated financial statements and the review of the interim financial statements;
- 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.

		2020		2019
	Ageas Statutory Auditors	Other Ageas Auditors	Ageas Statutory Auditors	Other Ageas Auditors
Audit fees	4	1	4	
Audit-related fees	1		1	
Tax fees				
Other non-audit fees				
Total	**5**	**1**	**5**	

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Income tax expenses

	2020	2019
Current tax expenses for the current period	255	203
Adjustments recognised in the period for current tax of prior periods	(16)	(7)
Total current tax expenses	**239**	**196**
Deferred tax arising from the current period	(15)	62
Impact of changes in tax rates on deferred taxes	(5)	(1)
Deferred tax arising from the write-down or (reversal) of a deferred tax asset		(1)
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	14	(1)
Total deferred tax expenses (income)	**(6)**	**59**
Total income tax expenses (income)	**233**	**255**

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.

	2020	2019
Result before taxation	1,533	1,433
Applicable group tax rate	25.00%	29.58%
Expected income tax expense	383	424
Increase (decrease) against local tax rates resulting from:		
Tax exempt income (including dividend and capital gains)	(73)	(45)
Share in net result of associates and joint ventures	(81)	(166)
Disallowed items	16	16
Previously unrecognised tax losses and temporary differences	(80)	(4)
Write-down and reversal of write-down of deferred tax assets, including current year tax-losses deemed non-recoverable	23	37
Impact of changes in tax rates on temporary differences	(5)	(1)
Foreign tax rate differential		(38)
Adjustments for current and deferred tax of previous years	(17)	(4)
Deferred tax on investments in subsidiaries, associates and joint ventures	24	19
Local income taxes (state/city/cantonal/communal taxes)		
Other	43	17
Actual income tax expenses (income)	**233**	**255**

F

Notes to items not recorded in the consolidated statement of financial position

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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. the acquisition of parts of ABN AMRO and the capital increase in September/October 2007, the announcement of the solvency plan in June 2008, the divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas has become involved in legal proceedings.

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 did not timely opt 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 2020, an amount of EUR 1,079 million had already been paid out to Eligible Shareholders and a remaining provision of EUR 246.3 million had been recognised for the settlement (see note 25 Provisions).

1. CIVIL PROCEEDINGS

I Proceedings covered by the settlement

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 either terminated between end of 2019 and 31 December 2020, or not terminated by 31 December 2020. 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. The parties entered into a settlement agreement in March 2020, bringing an end to these proceedings.

1.1.2 Cebulon

On 14 July 2020, Dutch investment company Cebulon initiated legal proceedings against Ageas and some co-defendants regarding alleged misleading communication in 2007-2008. In its capacity of former Fortis shareholder, Cebulon claims a compensation for the allegedly suffered damages. The forum is the Utrecht court of first instance. An introductory hearing took place on 9 September 2020 in Utrecht. The parties are now exchanging written submissions.

1.1.3 Dutch individual investor

On 29 January 2021, a Dutch individual investor initiated legal proceedings against Ageas. He claims a compensation for the damages he allegedly suffered pursuant to the Fortis crisis in 2007-2008. The forum is the Utrecht court of first instance. An introductory hearing is scheduled for 10 March 2021.

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. Mr Modrikamen continued the proceedings before the commercial court regarding the sale of Fortis Bank, aiming 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. On 7 June 2020, Ageas entered into a settlement agreement with Mr Modrikamen and his clients who timely filed an opt-out notice, pursuant to which these persons no longer continue these proceedings against ageas SA/NV.

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 2021.

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 2021.

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 2021.

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. 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 Supreme Court dismissed all claims per 29 May 2020 and ruled in Ageas's favour. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 continues to be legally valid and no compensation is due. These proceedings are terminated.

2. CRIMINAL PROCEDURE IN BELGIUM

In Belgium, in October 2008 a criminal procedure was initiated 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. 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. An introductory hearing before the Chambre du conseil/Raadkamer took place on 17 February 2020. Pleading sessions took place on 8 and 9 June 2020. On 7 June 2020, Ageas entered into a settlement agreement with Mr. Modrikamen and his clients who timely filed an opt-out notice under the Settlement, pursuant to which these persons waived their claims against Ageas in these proceedings. On 4 September 2020, the Chambre du Conseil/Raadkamer decided not to refer Ageas to the Criminal Court in relation to the Fortis events of 2007-2008. No appeal was filed against this decision. These proceedings are now terminated.

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.

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Events after the date of the statement of financial position

On 23 February 2021, Ageas announced that it had signed an agreement with Aviva plc to acquire its 40% stake in the Turkish listed life insurance and pensions company AvivaSA for a total consideration of GBP 122 million (TRY 1.2 billion) or circa EUR 142 million. The transaction is subject to regulatory approval and is expected to close in 2021.

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 2020 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 30 March 2021 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 19 May 2021.

Brussels, 30 March 2021

Board of Directors

Chairman	Bart De Smet (as per 22 October 2020)
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Hans De Cuyper (as per 22 October 2020)
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Emmanuel Van Grimbergen
Managing Director Europe	Antonio Cano
Managing Director Asia	Filip Coremans
Non-Executive 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 2020

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 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 meeting which will deliberate on the annual financial statements for the year ended 31 December 2020. We have performed the statutory audit of the Company's consolidated financial statements for three 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 2020, 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 111,418 million and a profit for the year ("Net result for the period") of EUR 1,300 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 2020, 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 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.

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 2020, the technical provisions amount to EUR 86,096 million as detailed in note 19 to the consolidated financial statements and represent approximately 77% 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 careful assessment 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 adequacy level 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 at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the Board of directors are described below.

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 engagement 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 directors' 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 the said framework as disclosed in the directors' report on 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 79 of the law of 13 March 2016 on the legal status and supervision of insurance or reinsurance companies, which makes reference to article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 30 March 2021

The Statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Roland Jeanquart
Réviseur d'Entreprises / Bedrijfsrevisor

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor

ageas SA/NV Statutory Accounts 2020

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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 on the ageas SA/NV company financial statements.

7. Reinsurance

Ageas SA/NV has a reinsurance licence for both Life and Non-Life activities.

Internal Reinsurance operations (Mainly Quota-share (QS) and Loss Portfolio Transfers (LPT) arrangements) have been set up with several ageas group companies. The group companies involved are mainly the Non-Life entities of Portugal, AG Insurance and Ageas Insurance Limited.

Furthermore some Reinsurance operations with the Joint Venture companies of ageas SA/NV were set up, however these are quite limited.

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 2020 a net profit of EUR 672 million (2019: EUR 209 million) and a shareholders' equity of EUR 5,687 million (2019: EUR 6,118 million).

1.2 Notes to the balance sheet and income statement

1.2.1 Assets

1.2.1.1 Intangible fixed assets

(2020: EUR 13 million; 2019: EUR 9 million)

1.2.1.2 Investments

(2020: EUR 9,032 million; 2019: EUR 8,317 million)

Investments in participating interests (EUR 7,264 million)

The investments in Ageas Insurance International (EUR 6,436 million) and Royal Park Investments (EUR 1.8 million) remained stable compared to 31 December 2019 (small decrease due to capital reduction in Royal Park Investments).

Notes, bonds and receivables consist of loans to affiliates (EUR 826 million). The large movement compared to last year stems from the acquisition of loans to affiliates from Ageas Insurance International (EUR 255 million).

Other investments (EUR 986 million)

These comprises of a limited equity portfolio (EUR 54 million), fixed income securities (EUR 582 million) and deposits with credit institutions (EUR 350 million). The noted increase is explained by the build-up of the Reinsurance activity.

Deposits with ceding companies (EUR 781 million)

This section comprises of deposits received related to incoming reinsurance agreements with funds withheld agreement.

1.2.1.3 Part of the reinsurer in the technical provisions

(2020: EUR 52 million; 2019: EUR 23 million)

1.2.1.4 Debtors

(2020: EUR 720 million; 2019: EUR 228 million)

Receivables include EUR 215 million related to the ForSettlement Foundation and a new loan against Ageas Insurance International (EUR 485 million).

1.2.1.5 Other assets

(2020: EUR 319 million; 2019: EUR 698 million)

Treasury shares

(2020: EUR 272 million; 2019: EUR 182 million)

This section comprises of treasury shares acquired through share buy-back programmes, purchase of Treasury shares from affiliates 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

(2020: EUR 26 million; 2019: EUR 19 million)

Accrued income relates mainly to accrued interests on intercompany loans.

1.2.2 Liabilities

1.2.2.1 Equity

(2020: EUR 5,687 million; 2018: EUR 6,118 million)

Subscribed capital

(2020: EUR 1,502 million; 2019: EUR 1,502 million)

Share premium reserve

(2020: EUR 2,051 million; 2019: EUR 2,051 million)

Legal reserve

(2020: EUR 100 million; 2019: EUR 66 million)

5 percent of the profit available for appropriation was allocated to the legal reserve.

Reserves not available for distribution

(2020: EUR 294 million; 2019: EUR 182 million)

Reserves not available for distribution are set up for own shares held by ageas or by affiliates.

Reserves available for distribution

(2020: EUR 865 million; 2019: EUR 1,595 million)

The decrease in the reserves available for distribution reflects the transfer to the reserves not available for distribution related to the buy-back of own shares (EUR 294 million) and the payment of an intermediary dividend of EUR 435 million during 2020.

Profit/loss carried forward

(2020: EUR 875 million; 2019: EUR 722 million)

The 2020 financial year closed with a profit of EUR 672 million. After profit appropriation to the legal reserves (EUR 34 million) and the proposed dividend (EUR 485 million, i.e. EUR 2.65 per share), the profit to be carried forward amounts to EUR 875 million.

1.2.2.2 Subordinated liabilities

(2020: EUR 1,745 million; 2019: EUR 1,246 million)
The noted increase is explained by the issuance, on 17 November 2020, of subordinated debt securities in the form of EUR 500 million Subordinated Fixed to Floating Rate Notes maturing in 2051.

Previously, 2 subordinated liabilities had 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

(2020: EUR 1,373 million; 2019: EUR 944 million)
The unearned premiums reserves (EUR 317 million) and claims reserves (EUR 1,021 million) relate to intra-group incoming reinsurance programs.
An equalization reserve has been set up (EUR 34 million).

1.2.2.4 Provisions

(2020: EUR 666 million; 2019: EUR 873 million)
The decrease in the provisions is mainly explained by reduction (EUR 268 million) in the provision for the settlement mainly following payments to eligible shareholders in 2020 and the increase in the RPN(I) provision (EUR 61 million). See note 25 'Provisions' of the Consolidated Financial Statements for more details.

1.2.2.5 Creditors

(2020: EUR 654 million; 2019: EUR 95 million)
The increase in amounts payable is mainly explained by a higher dividend payable (2020: EUR 485 million, i.e. EUR 2.65 per share; 2019: EUR 50 million).

1.2.2.6 Accruals and deferred costs

(2020: EUR 36 million; 2019: EUR 17 million)
Deferred costs mainly relate to the accrued interests on the subordinated liabilities.

1.2.3 Income statement

1.2.3.1 Balance on the technical account non-life business

(2020: EUR 54 million; 2019: EUR (40) million)
This result mainly comprises the result on the Non-Life Quota Share and Loss Portfolio Transfer incoming reinsurance contracts. A large increase is noted in 2020 due to the improvement of the claims ratio on these contracts in 2020.

1.2.3.2 Balance on the technical account life business

(2020: EUR 1 million; 2019: EUR 0 million)
During 2020 a Life reinsurance contract has been set up with a Portuguese Life affiliate (Ocidental Seguros).

1.2.3.3 Non technical account: Investment income

(2020: EUR 811 million; 2019: EUR 374 million)
Investment income includes mainly the dividend received from Ageas Insurance International (EUR 764 million) and the interests on loans to affiliates (EUR 39 million).

1.2.3.4 Non technical account: Investments charges

(2020: EUR 75 million; 2019: EUR 32 million)
These charges include the interests on the subordinated liabilities (EUR 47 million).

1.2.3.5 Other income

(2020: EUR 52 million; 2019: EUR 6 million)
The decrease in other income relates to the adjustment on the ForSettlement provision (EUR 40 million).

1.2.3.6 Other charges

(2020: EUR 172 million; 2019: EUR 98 million)

The components of the charges are as follows:

▪ Services and miscellaneous goods	EUR 68 million
▪ Staff expenses	EUR 26 million
▪ Costs settlement foundations	EUR 14 million
▪ Settlement amount RPN(I)	EUR 61 million

Main increase is explained by prior year expected lower settlement amount of RPN(I).

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 7:96 of the Company Code, extract of the minutes of the relevant meetings of the Board of Directors are 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

There have been no material events after the date of the financial statements that would require adjustment or amounts recognised or disclosed in the Financial Statements as of 31 December 2020.

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 2020 no capital increase or issue of warrants was made.

Non-audit assignments carried out by the auditor in 2019

In 2020, 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
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 ... :	2020-07-03 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 ... :	2021-05-19
concerning the financial year covering the period from ... :	2020-01-01 to 2020-12-31
previous period from ... :	2019-01-01 to 2019-12-31

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, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Chairman of the Board, mandate from 15/05/2019 to 22/10/2020
DE SMET Bart, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 17/05/2017 to 22/10/2020; Chairman of the Board, mandate from 22/10/2020 to 19/05/2021
DE CUYPER Hans, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 22/10/2020 to 15/05/2024
CANO Antonio, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 20/05/2020 to 15/05/2024
de SELLIERS de MORANVILLE Guy, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Vice Chairman of the Board, mandate from 15/05/2019 to 17/05/2023
VANDEWEYER Kathleen, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 17/05/2017 to 19/05/2021
PERL Lionel, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 15/05/2019 to 19/05/2021
MURPHY Jane, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 20/05/2020 to 15/05/2024
COREMANS Filip, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 15/05/2019 to 17/05/2023
BOIZARD Christophe, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, 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)
Bart De Smet - Chairman of the Board	Hans De Cuyper - 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, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 20/05/2020 to 15/05/2024
LANG KETTERER Yvonne, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 20/05/2020 to 15/05/2024
REICHLIN Lucrezia, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 20/05/2020 to 15/05/2024
CHANDMAL Sonali, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 16/05/2018 to 18/05/2022
VAN GRIMBERGEN Emmanuel, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 15/05/2019 to 17/05/2023
HADDERS Jan Zegering, Markiesstraat 1 bus 7, 1000 Brussels, Belgium, Director, mandate from 15/05/2019 to 19/05/2021

PWC Reviseurs d'Entreprises srl / Bedrijfsrevisoren bv, Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium
Statutory auditor, represented by Mr. CAPPOEN Kurt (membership number A01969) and JEANQUART Roland (membership number A01313)
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 a 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 31/12/2020 (in Euro units)

Assets	Codes	Current period	Previous period
A. -	**-**		
B. Intangible assets (statement 1)	**21**	12,728,534	9,130,307
I. Formation expenses	211	12,448,772	8,662,995
II. Intangible assets	212	279,762	467,312
1 Goodwill	212.1		
2. Other intangible assets	212.2	279,762	467,312
3. Prepayments	212.3		
C. Investments (statements 1, 2 and 3)	**22**	9,031,607,834	8,317,368,173
I. Land and buildings (statement 1)	221		
1. Real estate for own activities as part of its own business	221.1		
2. Other	221.2		
II. Investments in affiliated undertakings and participating interests (statements 1, 2 and 18)	222	7,264,121,749	7,011,898,891
- Affiliated undertakings	222.1	7,262,381,935	7,007,415,950
1. Participating interests	222.11	6,436,159,584	6,436,159,584
2. Notes, bonds and receivables	222.12	826,222,351	571,256,366
- Undertakings linked by virtue of a participating interest	222.2	1,739,814	4,482,941
3. Participating interests	222.21	1,739,814	4,482,941
4. Notes, bonds and receivables	222.22		
III. Other financial investments	223	986,216,420	726,393,952
1. Equities, shares and other variable income securities (statement 1)	223.1	54,077,627	
2. Debt securities and other fixed-income securities (statement 1)	223.2	582,131,782	226,386,941
3. Participating in investment pools	223.3		
4. Loans and mortgages	223.4		
5. Other loans	223.5		
6. Deposits with other credit institutions	223.6	350,007,011	500,007,011
7. Other	223.7		
IV. Deposits with ceding undertakings	224	781,269,664	579,075,330
D. Investments relating to operations linked to an investment fund group's "life" activities where the risk is not borne by the company i.e. Unit-Linked products	**23**		

Liabilities	Codes	Current period	Previous period
A. Shareholders' equity (statement 5)	**11**	5,687,437,539	6,118,292,392
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		
II. Share premium reserve	112	2,050,976,359	2,050,976,359
III. Revaluation reserve	113		
IV. Reserves	114	1,258,977,709	1,842,866,665
1. Legal reserve	114.1	99,801,708	66,218,835
2. Unavailable reserve	114.2	294,312,045	181,850,446
a) for own shares	114.21	294,312,045	181,850,446
b) other	114.22		
3. Untaxed reserve	114.3		
4. Available reserve	114.4	864,863,957	1,594,797,384
V. Result carried forward	115	875,119,198	722,085,095
1. Profit carried forward	115.1	875,119,198	722,085,095
2. Loss carried forward (-)	115.2		
VI. -	-		
B. Subordinated liabilities (statements 7 and 18)	12	1,744,860,670	1,246,316,701
Bbis. Funds for future dotations	**13**		
C. Technical provisions (statement 7)	**14**	1,372,683,963	943,599,529
I. Provisions for unearned premiums and unexpired risks	141	316,933,343	223,948,585
II. Life insurance provision	142		
III. Claims reserve	143	1,021,355,376	703,029,125
IV. Provision for bonuses and rebates	144		
V. Provision for equalization and catastrophes	145	34,395,244	16,621,820
VI. Other technical provisions	146		
D. Technical provisions relating to operations linked to an investment fund group's "Life" activities where the risk is not borne by the company i.e. Unit-Linked products (statement 7)	15		

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Assets	Codes	Current period	Previous period
Dbis. Reinsurers' share of technical provisions	**24**	52,013,297	22,677,192
I. Provisions for unearned premiums and unexpired risks	241	842,415	
II. Life insurance provision	242		
III. Claims outstanding	243	51,170,882	22,677,192
IV. Provision for profit-sharing and retrocessions	244		
V. Other technical provisions	245		
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		
E. Receivables (statements 18 and 19)	**41**	719,940,883	228,067,650
I. Receivables from direct insurance operations	411		
1. Policyholders	411.1		
2. Insurance intermediaries	411.2		
3. Other	411.3		
II. Receivables from reinsurance operations	412	15,164,021	13,529,941
III. Other receivables	413	704,776,862	214,537,709
IV. Subscribed capital called but not paid	414		
F. Other assets	**25**	319,036,790	697,881,880
I. Tangible assets	251	782,370	749,058
II. Cash at bank and in hand	252	45,596,762	515,269,875
III. Own shares	253	272,645,156	181,850,445
IV. Other	254	12,503	12,503
G. Accrued charges and deferred Income (statement 4)	***431/433***	25,736,445	18,992,484
I. Accrued interest and rent	431	21,686,623	16,947,809
II. Acquisition costs carried forward	432		
1. Non-life insurance operations	432.1		
2. Life insurance operations	432.2		
III. Other accrued charges and deferred income	433	4,049,822	2,044,676
TOTAL	***21/43***	10,161,063,783	9,294,117,687

Liabilities	Codes	Current period	Previous period
E. Provisions for other risks and charges	**16**	666,042,856	873,266,723
I. Provisions for pensions and similar obligations	161		
II. Provisions for taxes	162		
III. Other provisions (statement 6)	163	666,042,856	873,266,723
F. Desposits received from reinsureres	**17**		
G. Debts (statements 7 and 18)	**42**	654,072,485	95,323,022
I. Payables from direct insurance operations	421		
II. Reinsurance payables	422		
III. Unsubordinated bonds	423	20,324,418	13,791,526
1. Convertible bonds	423.1		
2. Non-convertible bonds	423.2		
IV. Amounts payable to credit institutions	424		
V. Other amounts payable	425	633,748,067	81,531,497
1. Tax, salary and social liabilities	425.1	5,878,515	5,390,059
a) Taxes	425.11		
b) Remuneration		25,621	811,942
social charges	425.12	5,852,895	4,578,116
2. Other	425.2	627,869,552	76,141,438
H. Accrued charges and deferred income (statement 8)	***434/436***	35,966,269	17,319,321
TOTAL	***11/43***	10,161,063,783	9,294,117,687

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I. Non-life technical account

Name	Codes	Current period	Previous period
1. Premiums earned, net of reinsurance	**710**	1,343,303,325	933,444,287
a) Gross premiums written (statement 10)	710.1	1,406,998,161	981,054,593
b) Outward reinsurance premiums (-)	710.2	(55,588,030)	(50,174,084)
c) Change in the gross provisions for unearned premiums and in the provision for unexpired risks, gross amount	710.3	(8,949,221)	(2,563,778)
d) Change in provisions for unearned premiums and unexpired risks, reinsurers' share	710.4	842,415	
3. Allocated investment income transferred from the non-technical account (item 6)	**711**		
2bis. Investment income	**712**	20,774,887	11,819,993
a) Income from investments in affiliated undertakings or in undertakings by a participating interest	712.1		
aa) Affiliated undertakings	712.11		
1 Participations	712.111		
2 Notes, bonds and receivables	712.112		
bb) Undertakings linked by virtue of a participating interest	712.12		
1 Participations	712.121		
2 Notes, bonds and receivables	712.122		
b) Income from other investments	712.2	20,774,887	11,802,977
aa) Income from land and buildings	712.21		
bb) Income from other investments	712.22	20,774,887	11,802,977
c) Reversals of valuation adjustments on investments	712.3		
d) Gains on the realisation of investments	712.4		17,016
3. Other technical income, net of reinsurance	**714**	1,757,781	213,966
4. Claims incurred, net of reinsurance (-)	**610**	(771,299,681)	(623,798,296)
a) Claims paid, net of reinsurance	610.1	645,071,639	447,071,458
aa) gross amounts (statement 10)	610.11	651,310,261	447,071,458
bb) reinsurers' share (-)	610.12	(6,238,622)	
b) Change in provision for claims, gross of reinsurance (increase +, decrease -)	610.2	126,228,042	176,726,837
aa) Change in provisions for claims, gross amount (statement 10) (increase +,decrease -)	610.21	154,721,732	199,404,030
bb) Change in provisions for claims, reinsurers' share (increase -, decrease +)	610.22	(28,493,690)	(22,677,193)

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I. Non-life technical account

Name	Codes	Current period	Previous period
5. Change in other technical provisions, net of reinsurance (increase -, decrease +)	**611**		
6. Bonus and rebates, net of reinsurance (-)	**612**		
7. Net operating expenses (-)	**613**	(516,087,950)	(340,622,231)
a) Acquisition costs	613.1	517,802,122	342,435,823
b) Change in the amount of acquisition costs carried expensed in assets (increase -, decrease +)	613.2		
c) Administration expenses	613.3	2,687,677	2,092,996
d) Commissions received from reinsurers and profit-sharing (-)	613.4	(4,401,849)	(3,906,588)
7bis. Investment expenses (-)	**614**	(6,384,102)	2,092,996
a) Investment management expenses	614.1	5,742,211	2,447,518
b) Valuation adjustments on investments	614.2		
c) Losses on disposals	614.3	641,891	
8. Other technical costs, net of reinsurance (-)	**616**		(2,301,133)
9. Change in provisions for equalisation and disasters, net of reinsurance (increase -, decrease +)	**619**	17,773,424	16,621,820
10. Result of the non-life technical account			
Profit (+)	*710 / 619*	54,290,837	
Loss (-)	*619 / 710*		(40,312,752)

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II. Life technical account

Name	Codes	Current period	Previous period
1. Net reinsurance premiums	**720**	**14,958,856**	**0**
a) Gross premiums written (statement 10)	720.1	14,958,856	0
b) Outward reinsurance premiums (-)	720.2		0
2. Investment income	**722**		**0**
a) Income from investments in affiliated undertakings or in undertakings by a participating interest	722.1		0
aa) Affiliated undertakings	722.11		0
1 Participations	722.111		0
2 Notes, bonds and receivables	722.112		0
bb) Undertakings linked by virtue of a participating interest	722.12		0
1 Participations	722.121		0
2 Notes, bonds and receivables	722.122		0
b) Income from other investments	722.2		0
aa) Income from land and buildings	722.21		0
bb) Income from other investments	722.22		0
c) Reversals of valuation adjustments on investments	722.3		0
d) Gains on the realisation of investments	722.4		0
3. Valuation adjustments on investments of item D. in assets (income)	**723**		**0**
4. Other technical income, net of reinsurance	**724**		**0**
5. Cost of claims, net of reinsurance (-)	**620**	**(8,308,269)**	**0**
a) Net amounts paid	620.1	866,965	0
aa) gross amounts	620.11	866,965	0
bb) reinsurers' share (-)	620.12		0
b) Change in provision for claims, net of reinsurance (increase +, decrease -)	620.2	7,441,304	0
aa) Change in provisions for claims, gross from reinsurance (increase +, decrease -)	620.21	7,441,304	0
bb) Change in provisions for claims, share of reinsurers (increase -, decrease +)	620.22		0

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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**	**(5,277,584)**	**0**
a) Acquisition costs	623.1	5,235,128	0
b) Change in the amount of acquisition costs carried expensed in assets			
(increase -, decrease +)	623.2	0	0
c) Management costs	623.3	42,456	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*	1,373,003	0
Loss (-)	*628 / 720*	0	0

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III. Non-technical account

Name	Codes	Current period	Previous period
1. Result of the technical account - non-life insurance business (item 10)			
Profit (+)	*(710 / 619)*	54,290,837	0
Loss (-)	*(619 / 710)*	0	40,312,752
2. Result of the technical account - life insurance business (item 13)			
Profit (+)	*(720 / 628)*	1,373,003	0
Loss (-)	*(628 / 720)*	0	0
3. Investment income	**730**	**810,922,368**	**374,301,491**
a) Income from investments in affiliated undertakings or in undertakings by a participating interest	730.1	804,898,016	374,301,491
b) Income from other investments	730.2	236,700	0
aa) Income from land and buildings	730.21	0	0
bb) Income from other investments	730.22	236,700	0
c) Reversals of valuation adjustments on investments	730.3	0	0
d) Gains on the realisation of investments	730.4	5,787,653	0
4. Allocated investment income, transferred from the life technical account (item 12)	**731**	0	**0**
5. Investment expenses (-)	**630**	**(75,374,004)**	**(31,806,672)**
a) Investment management expenses	630.1	75,374,004	31,806,672
b) Valuation adjustments on investments	630.2	0	0
c) Losses on the realisation of investments	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**	**52,342,001**	**5,614,299**
8. Other charges (statement 13) (-)	**632**	**(171,749,888)**	**(98,277,224)**
8bis. Profit or loss on ordinary activities before taks			
Profit (+)	*710 / 632*	671,804,316	209,519,142
Loss (-)	*632 / 710*	0	0
9. -	**-**	0	0
10. -	**-**	0	0

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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. -	**-**	0	0
15. Taxes on income (-/+)	**634 / 734**	**146,856**	**109,690**
15bis. Deferred taxes (-/+)	**635 / 735**	**0**	**0**
16. Profit/(loss) for the financial year			
Profit (+)	*710 / 635*	671,657,460	209,409,452
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*	671,657,460	209,409,452
Loss (-)	*636 / 710*	0	0

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III. Non-technical account

Name	Codes	Current period	Previous period
A. Profit to be appropriated	**710 / 637.1**	**1,393,742,555**	**782,246,052**
Loss to be appropriated (-)	**637.1 / 710**	**0**	**0**
1. Profit for the financial year available for appropriation	710 / 636	671,657,460	209,409,452
Loss for the financial year available for appropriation (-)	636 / 710	0	0
2. Profit carried forward from the previous financial year	737.1	722,085,095	572,836,600
Loss carried forward from the previous financial year (-)	637.1	0	0
B. Transfers from shareholders' equity	**737.2 / 737.3**	**435,621,265**	**0**
1. from the capital and share premium reserves	737.2	0	0
2. from reserves	737.3	435,621,265	0
C. Allocations to equity (-)	**637.2 / 637.3**	**(33,582,873)**	**(10,470,473)**
1. to the capital and share premium reserves	637.2	0	0
2. to legal reserve	637.31	33,582,873	10,470,473
3. to other reserves	637.32	0	0
D. Result to be carried forward			
1. Profit to be carried forward (-)	637.4	(875,119,198)	(722,085,095)
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**	**(920,661,749)**	**(49,690,484)**
1. Dividends	637.5	920,661,749	49,690,484
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	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. Debt securities and other fixed income securities
			Asset items concerned				Asset items concerned		Asset items concerned	
			1	2	3	4	5	6	7	8
a) ACQUISITION VALUES										
During the previous financial year		08.01.01	10,179,817	0	6,436,159,584	571,256,366	4,482,941	0	0	226,386,941
Changes during the financial year:			5,162,116	0	0	254,965,986	(2,743,127)	0	54,077,627	355,744,841
- Acquired		8.01.021	5,162,116	0	0	254,965,986	0	0	54,077,627	372,900,459
- New start-up costs incurred		8.01.022	0	0	0	0	0	0	0	0
- Disposals and withdrawals	(-)	8.01.023	0	0	0	0	0	0	0	(12,207,816)
- Transfers to another category	(+)(-)	8.01.024	0	0	0	0	0	0	0	0
- Other changes	(+)(-)	8.01.025	0	0	0	0	(2,743,127)	0	0	(4,947,802)
During the financial year		08.01.03	15,341,933	0	6,436,159,584	826,222,351	1,739,814	0	54,077,627	582,131,782
b) CAPITAL GAINS										
During the previous financial year		08.01.04	0	0	0	0	0	0	0	0
Changes during the financial year:			0	0	0	0	0	0	0	0
- Recognised		8.01.051	0	0	0	0	0	0	0	0
- Acquired from third parties		8.01.052	0	0	0	0	0	0	0	0
- Cancelled	(-)	8.01.053	0	0	0	0	0	0	0	0
- Transfers to another category	(+)(-)	8.01.054	0	0	0	0	0	0	0	0
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	1,049,509	0	0	0	0	0	0	0
Changes during the financial year:			1,563,890	0	0	0	0	0	0	0
- Recognised		8.01.081	1,563,890	0	0	0	0	0	0	0
- Reversed as excess	(-)	8.01.082	0	0	0	0	0	0	0	0
- Acquired from third parties		8.01.083	0	0	0	0	0	0	0	0
- Cancelled	(-)	8.01.084	0	0	0	0	0	0	0	0
- Transfers to another category	(+)(-)	8.01.085	0	0	0	0	0	0	0	0
During the financial year		08.01.09	2,613,399	0	0	0	0	0	0	0
d) AMOUNTS NOT CALLED (Art. 29, § 1.)										
During the previous financial year		08.01.10	0	0	0	0	0	0	0	0
Changes during the financial year:	(+)(-)	08.01.11	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0
Changes during the financial year:	(+)(-)	08.01.14	0	0	0	0	0	0	0	0
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	12,728,534	0	6,436,159,584	826,222,351	1,739,814	0	54,077,627	582,131,782

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 directly		Social rights held by the subsidiaries	Data from the latest available annual accounts			
	Figures	%	%	Annual accounts closed at	Monetary unit (*)	Equity (+) of (-) (in thousands of monetary units)	Net result (+) of (-) (in thousands of monetary units)
(*) as per official coding.							
Royal Park Investments NV Markiesstraat 1 B - 1000 Brussel NN 0807.882.811	3,800,000	45	0	31/12/2019	EUR	11,275	3,834
Ageas Insurance International NV Markiesstraat 1 B - 1000 Brussel NN 0718.677.849	792,001,700	100	0	31/12/2019	EUR	6,426,019	576,205

No. 3. Present value of investments (art. 38)

Asset items	Codes	Amounts
C. Investments	08.03	9,212,054,273
I. Land and buildings	8.03.221	0
II. Investments in affiliated enterprises and participations	8.03.222	7,377,251,962
- Affiliated enterprises	8.03.222.1	7,374,955,068
1. Participating interests	8.03.222.11	6,436,159,584
2. Notes. bonds and receivables	8.03.222.12	938,795,484
- Undertakings linked by virtue of a participating interest	8.03.222.2	2,296,894
3. Participating interests	8.03.222.21	2,296,894
4. Notes. bonds and receivables	8.03.222.22	0
III. Other financial investments	8.03.223	1,015,451,960
1. Equities, shares and other variable income securities	8.03.223.1	55,138,953
2. Debt securities and other fixed income securities	8.03.223.2	610,305,996
3. Participating 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	350,007,011
7. Other	8.03.223.7	0
IV. Deposits with ceding undertakings	8.03.224	819,350,351

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.I Equities, shares and other variable income securities	44,019,277	43,747,573
C.III.2 Debt securities and other fixed income securities	14,725,008	14,518,463

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.I Equities, shares and other variable income securities: see valuation rules in statement No. 20 Valuation rules

C.III.2 Debt securities 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	4,049,822

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	194,553,574
2.2. Registered or dematerialised shares			
Registered	8.05.1.21	xxxxxxxxxxxxxxxxxxxxxxx	9,611,918
Dematerialised	8.05.1.22	xxxxxxxxxxxxxxxxxxxxxxx	184,941,656

	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	272,645,158	6,341,522
- its subsidiaries	8.05.3.2	21,666,887	1,249,793
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 31/12/2020

- BlackRock Inc. 5.23%
- Ping An 5.17%
- Fosun 5.06%
- Ageas 3.90%
- Schroders Plc 2.94%

On 31 December 2020 the members of the Board of ageas SA/NV jointly held 80,651 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 Fortis settlement	246,242,856
Provision RPN(I)	419,800,000

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	1,744,860,670
I. Convertible bonds	8.07.1.121	
II. Non-convertible bonds	8.07.1.122	1,744,860,670
G. Debts	8.07.1.42	
I. Payables from direct insurance operations	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. Amounts payable to credit institutions	8.07.1.424	
V. Other amounts payable	8.07.1.425	
TOTAL	8.07.1.5	1,744,860,670

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	437,664,652
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. Debts	8.07.2.42	
I. Payables from direct insurance operations	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. Amounts payable 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	437,664,652

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	25,621
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	5,852,895

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	6,056,556
Accrued charges – Other	2,988,272
Accrued charges – Foundations	1,052,111
Accrued charges – Interests	25,869,331
	35,966,269

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
			Tot.	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*	Miscel-laneous pecuniary losses *line 16*	Legal protect-ion *line 17*	Assis-tance *line 18*	
		0	1	2	3	4	5	6	7	8	9	10	11	12
Gross premiums	8.10.01.710.1	1,406,998,161												1,406,998,161
Gross earned premiums	8.10.02	1,398,048,940												1,398,048,940
Gross cost of claims	8.10.03	806,031,992												806,031,992
Gross operating expense	8.10.04	520,489,798												520,489,798
Reinsurance balance	8.10.05	(15,611,455)												(15,611,455)
Commissions (art. 37)	8.10.06													

II. Life Insurance

Name	Codes	Amounts
A. Direct business		
1) Gross premiums:	8.10.07.720.1	0
a) 1. Individual premiums:	08.10.08	0
2. Premiums for group contracts:	08.10.09	0
b) 1. Periodic premiums:	08.10.10	0
2. Single premiums:	08.10.11	0
c) 1. Premiums from non profit-sharing contracts:	08.10.12	0
2. Premiums from profit-sharing contracts:	08.10.13	0
3. Contract premiums when the risk of investment is not borne by the company	08.10.14	0
2) Reinsurance balance	08.10.15	0
3) Commissions (art. 37)	08.10.16	0
B. Business accepted		14,958,856
Gross premiums:	8.10.17.720.1	14,958,856

II. Non-life and life insurance, direct business

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	157	136
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	149	126
- Management staff	8.11.11.1		
- Employees	8.11.11.2	149	126
- Workers	8.11.11.3		
- Other	8.11.11.4		
c) the numbers of hours worked	8.11.12	225,263	187,015

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	0	18
b) the average number in full-time equivalents calculated in a similar way as the employees recorded in the personnel register	8.11.21	0	20
c) the numbers of hours worked	8.11.22	187	34,072

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	1,132,660
1. a) Remuneration	8.12.111	1,132,660
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	1,597,472
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	800,895
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	800,895
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	3,531,028

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.	52,342,001
Re-invoicing staff expenses	6,758,000
Change provision Fortis Settlement	39,902,204
Other	5,681,796
B. Breakdown of OTHER EXPENSES (item 8. of the non-technical account), if material.	171,749,888
Provision compensation RPN(I)	60,800,000
Services & goods	68,295,113
Staff expenses	26,575,638
Depreciations	367,597
Costs related to foundations	14,466,319

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	146,856
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	146,856
a) Additional taxes due or paid:	8.15.1.634.21	146,856
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	
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		671,804,316
Definitively taxed income (DTI)		(671,804,316)
C. IMPACT OF EXTRAORDINARY ITEMS ON THE AMOUNT OF TAX ON THE PROFIT/(LOSS) FOR THE FINANCIAL YEAR		
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	13,165,724,196
- Accumulated tax losses deductible from subsequent taxable profits	8.15.4.11	10,551,989,298
- DTI deduction		2,613,734,899
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	7,597,319	8,265,219
2. Withholding tax (on dividends)	8.16.22	125,543,837	108,285,916

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	437,664,652
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		Entities with a participation link	
		Current period	Previous period	Current period	Previous period
C. II. Investments in affiliated enterprises and participations	8.18.222	7,262,381,935	7,007,415,950	1,739,814	4,482,941
1 + 3 Participations	8.18.222.01	6,436,159,584	6,436,159,584	1,739,814	4,482,941
2 + 4 Notes, bonds and receivables	8.18.222.02	826,222,351	571,256,366		
- subordinated	8.18.222.021				
- other	8.18.222.022	826,222,351	571,256,366		
D. II. Investments in affiliated enterprises 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	500,207,496	212,044,511		
I. Receivables from direct insurance operations	8.18.411				
II. Reinsurance from reinsurance operations	8.18.412	15,164,021	12,256,666		
III. Other receivables	8.18.413	485,043,475	199,787,845		
F. Subordinated liabilities	8.18.12				
G. Debts	8.18.42	12,430,965	9,012,004		
I. Direct insurance payables	8.18.421				
II. Reinsurance payables	8.18.422	12,430,965	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	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	13,194,862	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	6,762,320
- 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	695,250
2. Fees for exceptional services or special missions performed within the company by the statutory auditor(s)	8.19.6	239,250
- Other attestation missions	8.19.61	239,250
- Tax consultancy	8.19.62	0
- Other missions external to the audit	8.19.63	0
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	4,010
- Other audit missions	8.19.71	0
- Tax consultancy missions	8.19.72	4,010
- Other missions outside the audit mission	8.19.73	0

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 2020, 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 4,947,802.

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 increased from EUR 359.0 million at the end of 2019 to EUR 419.8 million on 31 December 2020, mainly as a result of a rise in the CASHES price from 81.55% to 84.17% in 2020, and a decrease in the Ageas share price from EUR 52.68 to EUR 43.58 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, extracts of the minutes of the meetings are included in the Report of the Board of Directors attached to the statutory financial statements of ageas SA/NV.

The Board meeting of 18-2 - conflict of interest for the members of the Executive Committee

The Executive Committee members informed the Board members that, being conflicted, they would not attend the discussions with respect to their appraisal. No other conflicts of interest were reported by the Board Members.

The Board meeting of 20-8 - conflict of interest for Bart De Smet when discussing the succession of Jozef De Mey as Chairman of the Board

Mr. De Smet being conflicted with respect to the first topic on the agenda, informed the Chairman prior to the start of the meeting that he would not attend the discussion and decision taking for this first topic.

The Board meeting of 15-9 - conflict of interest for Bart De Smet when discussing end of term arrangements relating to his position as CEO.

Mr. De Smet informed the Board of the conflict of interest he has with respect to the topic discussed under point 2, when it relates to the end of terms arrangement relating to his position as CEO.

The Board meeting of 12-11 with respect to the remuneration review of Emmanuel Van Grimbergen.

No conflict of interest was raised or reported with respect to the topics on the agenda. However, during the meeting, the Remuneration Committee made a recommendation to the Board with respect to the alignment of the remuneration of the CRO with the other EXCO members (…). Mr. Van Grimbergen did not participate in the deliberation and decision taking at this occasion.

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 2020

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 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 meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the Company's annual accounts for three 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 2020, 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 10,161,063,784 and a profit and loss account showing a profit for the year of EUR 671,657,460.

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 2020, 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.

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 2020, the technical provisions amount to EUR 1,372,683,963. For detailed information regarding the valuation of the technical 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 mainly on the amounts paid for claims, the number of claims incurred but not yet reported and claims expenses.

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. Our responsibilities in respect of the use of the going concern basis of accounting by the Board of directors are described below.

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 directors' 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 and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our engagement 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 of certain requirements of the Companies' and Associations' Code, 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 directors' report to 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 under this Code, including, but not limited to, in relation to salaries and education, 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 that we have to report to you.
- This report is consistent with the additional report to the Audit committee referred to in article 79 of the law of 13 March 2016 on the legal status and supervision of insurance or reinsurance companies, which makes reference to article 11 of the Regulation (EU) N° 537/2014.
- We have evaluated the property effects resulting from the decisions of the Board of directors dated 18 February 2020, 20 August 2020, 15 September 2020 and 12 November 2020 as described in the section "Conflict of interest" included in the annual report and we have no remarks to make in this respect.

Sint-Stevens-Woluwe, 30 March 2021

The Statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Roland Jeanquart
Réviseur d'Entreprises / Bedrijfsrevisor

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor

Other information

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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 4 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.

GRI Index

The GRI Content Index provides an overview of material sustainability related disclosures contained in the Ageas Annual Report 2020 as well as on the website, if deemed relevant. Ageas reports in accordance with the Global Reporting Initiative's GRI Standards: core option. This entails that at least one indicator for the material topics is included, unless otherwise stated. In case more indicators are reported upon, these are also included in the table.

GRI standard reference	Disclosure		Section in the annual report 2020 (AR)
GRI 101 - Foundation GRI 102 - General disclosure			
Organisational profile			
102-1	Name of the organisation	AR	First page of the annual report
102-2	Activities, brands, products, and services	AR Website	A. Introduction - 2 Strategy and business model of Ageas https://www.ageas.com/about/company
102-3	Location of headquarters	AR	C. General notes - 1 Legal structure
102-4	Location of operations	AR Website	A. Introduction - 2 Strategy and business model of Ageas https://www.ageas.com/about/company
102-5	Ownership and legal form	AR	C. General notes - 1 Legal structure
102-6	Markets served	AR	A. Introduction - 2 Strategy and business model of Ageas
102-7	Scale of the organisation	AR	A. Introduction - 1 Developments and results A. Introduction - 2 Strategy and business model of Ageas A. Introduction - 3.2 Our customers and partners A. Introduction - 3.3 Our employees B. Consolidated financial statements 2020
102-8	Information on employees and other workers	AR	A. Introduction - 3.3 Our employees
102-9	Supply chain	AR	A. Introduction - 2 Strategy and business model of Ageas
102-10	Significant changes to the organisation and its supply chain		Not applicable
102-11	Precautionary Principle or approach	AR	C. General notes - 4 Risk Management
102-12	External initiatives		PRI, PSI, UN Global Compact
102-13	Membership of associations		The Shift, Business for Nature
Strategy			
102-14	Statement from senior decision-maker	AR	A. Introduction - Message from CEO and Chairman
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	AR	A. Introduction - 3.3 Our employees A. Introduction - 3.6 Our stakeholder effectiveness supported by a comprehensive set of policies A. Introduction - 4 Corporate governance statement C General notes - 4 Risk management
Governance			
102-18	Governance structure	AR	A. Introduction - 4 Corporate governance statement C. General notes - 1 Legal structure
Stakeholder engagement			
102-40	List of stakeholder groups	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21
102-41	Collective bargaining agreements	Website	Policy on human and labour rights https://www.ageas.com/about/our-ambition#block-main-navigation-lvl2
102-42	Identifying and selecting stakeholders	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21
102-43	Approach to stakeholder engagement	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21
102-44	Key topics and concerns raised	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21
Reporting practice			
102-45	Entities included in the consolidated financial statements	AR	C. General notes - 1 Legal structure
102-46	Defining report content and topic boundaries	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21
102-47	List of material topics	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21

GRI standard reference	Disclosure		Section in the annual report 2020 (AR)
102-48	Restatements of information		Not applicable
102-49	Changes in reporting		Not applicable
102-50	Reporting period	AR	A. Introduction - first page
102-51	Date of most recent report	Website	Investors - quarterly results: https://www.ageas.com/investors/quarterly-results
102-52	Reporting cycle	AR	A. Introduction - first page
102-53	Contact point for questions regarding the report	Website	Investor relations - https://www.ageas.com/contact/investors-relations
102-54	Claims of reporting in accordance with the GRI Standards	AR	A. Introduction - first page
102-55	GRI content index	AR	H. Other information - GRI content index
102-56	External assurance		Not applicable
GRI 103 - Management approach			
103-1	Explanation of the material topic and its Boundary	AR	3.1 Our commitment to stakeholders is further strengthened through Connect21
Economic			
201 - Economic performance			
103-2	Management approach	AR	A. Introduction - 3.5 Society A. Introduction - 4 Corporate governance statement C. General notes - 4 Risk management
103-3	Evaluation of the management approach	AR	A. Introduction - 4 Corporate governance statement
201-1	Direct economic value generated and distributed	AR	A. Introduction - 1 Developments and highlights B. Consolidated financial statements 2020 - Consolidated income statement C. General notes - 8 Information on operating segments E. Notes to the Consolidated Income Statement
201-3	Defined benefit plan obligations and other retirement plans	AR	C. General notes - 6 Remuneration and benefits - section 6.1
203 - Indirect economic impacts			
103-2	Management approach	AR	A. Introduction - 3.5 Society A. Introduction - 4 Corporate governance statement C. General notes - 4 Risk management
103-3	Evaluation of the management approach	AR	A. Introduction - 4 Corporate governance statement
203-1	Infrastructure investments and services supported	AR	A. Introduction - 3.5 Society
205 - Anti-corruption			
103-2	Management approach	AR	A. Introduction - 3.5 Society A. Introduction - 4 Corporate governance statement C. General notes - 4 Risk management
103-3	Evaluation of the management approach	AR	A. Introduction - 4 Corporate governance statement
205-2	Communication and training about anti-corruption policies and procedures	AR	A. Introduction - 3.6 Our stakeholder effectiveness supported by a comprehensive set of policies
207 - Tax			
103-2	Management approach	AR Website	A. Introduction - 4 Corporate governance statement Tax policy - https://www.ageas.com/about/sustainability
103-3	Evaluation of the management approach	AR	A. Introduction - 4 Corporate governance statement
207-4	Country-by-country reporting	AR	A. Introduction - 3.5 Society
Environmental			
305 - Emissions			
103-2	Management approach	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21 A. Introduction - 4 Corporate governance statement
103-3	Evaluation of the management approach	AR	Introduction - 4 Corporate governance statement
305-1	Direct (Scope 1) GHG emissions	AR	A. Introduction - 3.5 Society
305-2	Energy indirect (Scope 2) GHG emissions	AR	A. Introduction - 3.5 Society
305-3	Other indirect (Scope 3) GHG emissions	AR	A. Introduction - 3.5 Society
305-4	GHG emissions intensity	AR	A. Introduction - 3.5 Society

GRI standard reference	Disclosure		Section in the annual report 2020 (AR)
Social			
103-2	Management approach	AR	A. Introduction - 3.1 Our commitment to stakeholders is further strengthened through Connect21 A. Introduction - 3.3 Our employees A. Introduction - 4 Corporate governance statement
103-3	Evaluation of the management approach	AR	A. Introduction - 4 Corporate governance statement
403 - Occupational Health and Safety			
403-6	Promotion of worker health	AR	A. Introduction - 3.3 Our employees
404 - Training and education			
404-2	Programs for upgrading employee skills and transition assistance programs	AR	A. Introduction - 3.3 Our employees
405 - Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	AR	A. Introduction - 3.3 Our employees A. Introduction - 4 Corporate governance statement
Other material topics			
103-2	Management approach		Under development - first reporting after conducting the materiality assessment
103-3	Evaluation of the management approach		Under development - first reporting after conducting the materiality assessment
	Insurance products and services protecting against societal challenges	AR	In addition to GR302 A. Introduction - 3.2 Our customers and partners - KPI under development
	Insurance products and services incentivising responsible behaviour	AR	In addition to GR302 A. Introduction - 3.2 Our customers and partners - KPI under development
	Easy to understand, fair and transparent information to customers	AR	In addition to GR417 A. Introduction - 3.2 Our customers and partners - KPI under development

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

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