Condensed Consolidated Interim Financial Statements

FIRST HALF YEAR 2023

ageas

Content

Developments and results

All amounts in these Condensed Consolidated Interim Financial Statements are denominated in millions of euro, unless stated otherwise

Key financials and developments

In EUR million (unless mentioned otherwise)	First half year 2023	First half year 2022 Restated (*)
Gross inflows	**9,262**	**9,104**
- Belgium	2,549	2,521
- Europe	1,700	1,766
- Asia	4,872	4,677
- Reinsurance Protection	141	139
- Life	6,236	6,267
- Non-Life	3,026	2,836
Net Result Ageas	**531**	**631**
Net Operating Result Ageas	**599**	**723**
- Belgium	263	296
- Europe	36	90
- Asia	297	385
- Reinsurance	66	15
- General Account	(63)	(63)
- Life	481	608
- Non-Life	181	179
- General account	(63)	(63)
Life Guaranteed margin (in bps)	**116**	**165**
Life Unit-Linked margin (in bps)	**39**	**36**
Non-Life Combined ratio (in %)	**93.3%**	**96.2%**
Operational Capital Generation	**1,026**	**884**
Operational Free Capital Generation	**492**	**569**

In EUR million	June 2023	31 December 2022 Restated (*)
Shareholders' equity	**7,225**	**6,975**
Comprehensive equity	**15,604**	**15,670**
Solvency Available Capital	**15,219**	**14,959**
Return on Shareholders' equity	**16.9%**	**17.3%**
Cum. Average number of outstanding shares (in m of shares)	184	184
Net Operating Earnings per share (in EUR)	**3.26**	**6.96**
Operational Capital Generation per share (in EUR)	**5.59**	**9.75**
Actual number of outstanding shares (in m of shares)	184	184
Comprehensive equity per share (in EUR)	**84.96**	**85.32**
(Interim) Dividend per share declared (in EUR)	**1.50**	**3.00**

Impact24 Targets	First half year 2023	First half year 2022
- Life Guaranteed margin (in bps)	99	136
- Life Unit-Linked margin (in bps)	39	36
- Non-Life Combined ratio (in %)	90.5%	94.0%
- Solvency II - Pillar II	220%	221%

(*) *See 'Summary of accounting policies and estimates' section 2.*

Outstanding business performance

Overall Ageas delivered a strong first half of 2023. Inflows were up 6% driven by new business in Life in China in particular, while Non-Life inflows increased significantly across all segments. The strong Life Guaranteed and Unit-Linked margins of respectively 116 bps and 39 bps, and a Non-Life combined ratio of 93.3% resulted in a Net Operating Result of EUR 599 million. This provides us with confidence that our Net Operating Result for the full year 2023 will reach between EUR 1.1 billion and EUR 1.2 billion, barring any unforeseen events occurring. The strong business performance was also reflected in an Operational Capital Generation of EUR 1,026 million including both the Solvency II and the non-Solvency II scope entities. The Operational Free Capital Generation amounted to a strong EUR 492 million over the first six months of the year. Following the strong half-year results the Board of Directors has decided to pay out an interim gross cash dividend of EUR 1.5 per share and intends to repeat this going forward. The dividend per share growth as projected under Impact24 will be reflected in the final dividend.

Inflows

The first half-year Group inflows were 6% up at constant exchange rate compared to last year and amounted to EUR 9.3 billion. Growth in **Life** inflows was primarily driven by new business sales in China, ahead of a regulatory pricing rate change. In Belgium and Portugal customer appetite for Life insurance products was impacted by the higher interest rates and volatile financial markets. In both countries, campaigns with improved product features were undertaken to strengthen the commercial positioning. The slight decrease in the **Life Liabilities** excluding UG/L is explained by the unfavourable impact of exchange rates.

Non-Life inflows increased in the mature markets of Belgium and Europe as well as in the Asian partnerships, driven by portfolio growth and tariff increases in response to increased inflation.

Performance

The **Net Operating Result** for the Group amounted to EUR 599 million, representing a 16.9% Return on Equity, and 30% higher than last year's Net Result excluding RPN(i) of EUR 456 million as reported under the old accounting standards.

The Life **Guaranteed margin** of 116 bps and the Life **Unit-Linked margin** of 39 bps reflect the strong operating performance of the Life businesses.

The Life Net Operating result ended at EUR 481 million.

The Non-Life **combined ratio** of 93.3% is driven by a strong claims experience across all product lines, supported by relatively benign weather in the first six months of 2023 and an improved expense ratio. This translated into a Net Operating Result of EUR 181 million, up 35% compared to last year, excluding the capital gain realised on the sale of the commercial lines in the UK in 2022.

Balance Sheet

The **Contractual Service Margin (CSM)** at the end of the first half year amounted to EUR 9.4 billion.

The overall growth in Life inflows lead to a New Business contribution to the CSM of EUR 466 million. The Operating CSM movement amounted to EUR 249 million and was mainly driven by Asia. This translated in an annualised increase of 5.1%, in line with last year.

At the end of the first half, the **Comprehensive equity**, comprising the sum of the Shareholders' equity of EUR 7.2 billion, the unrealised gains and losses on real estate and the CSM of the Life business, stood at EUR 15.6 billion or EUR 84.96 per share. The contribution from the Net Operating Result and Net Operating CSM movement was offset by the payment of the final 2022 dividend and unfavourable exchange rate evolution.

Solvency and Capital Generation

Ageas's **Solvency II Pillar II ratio** increased by 2 percentage points over six months to reach a high 220 %, largely above the Group's target of 175%. The contribution of the insurance operations fully covered the accrual of the expected dividend. The solvency of the non-Solvency II scope companies increased to 213% compared to 207% at the end of last year.

The effect of changes in the regulatory framework was more than offset by the contribution of the insurance operations and the financial markets.

The **Operational Capital Generation** over the period was up 16% compared to the first half of 2022 exceeding the EUR 1 billion mark. This included EUR 421 million generated by the Solvency II scope companies and EUR 700 million by the non-Solvency II scope entities, while the General Account consumed EUR 94 million. This illustrates the solid operating performance across the Group, confirming the strong Net Operating Result.

Operational Free Capital Generation, including both the Solvency II and the non-Solvency II scope, amounted to EUR 492 million in the first half of the year.

Given the continued strong capital position, even in the current volatile economic environment, and high Operational Free Capital Generation across the Group, Ageas feels confident to confirm the projection of an average dividend per share growth of 6-10% over the Impact24 period, barring exceptional circumstances. The pay-out of the dividend will consist of an interim gross cash dividend of EUR 1.5 per share by the end of October and a final dividend that will reflect the full year performance.

Segment information

Belgium

Inflows increased by 1% thanks to very strong growth in Non-Life (+10%) compensating for lower inflows in Life (-5%). Non-Life inflows recorded an increase in all business lines driven by higher volumes and tariff increases, while Life inflows decreased due to lower customer appetite related to higher interest rates and volatile financial markets. Nevertheless, the contribution of New Business to CSM combined with the time value more than covered the release of the CSM to the Net Operating Result.

The Life Guaranteed margin reached a strong 95 bps, comfortably at the higher end of the target range. The comparison with last year is influenced by the exceptionally high level of capital gains realised over the first six months of 2022.

The Non-Life combined ratio stood at 86.1% driven by a strong performance in all business lines and benign weather. Last year's combined ratio included significant impact from weather.

The Net Operating Result in the first half of the year amounted to EUR 263 million of which EUR 167 million in Life and EUR 96 million in Non-Life. The evolution of the Life result compared to last year is fully related to the contribution of realised net capital gains. The strong operational performance was also reflected in an Operational Capital Generation of EUR 298 million.

Europe

Inflows increased 4% at constant exchange rate with higher Non-Life inflows more than compensating for lower Life inflows. Non-Life inflows increased 14% at constant exchange rates mainly driven by an increase in Portugal (+13%). Continuing strong technical pricing discipline in the face of inflation, scope-on-scope UK inflows, excluding the divested commercial lines business, were up 25%. Life inflows decreased 18% at constant exchange rates mainly impacted by limited appetite in Unit- Linked products in Portugal but partially compensated by higher inflows in Türkiye.

Life Guaranteed margin increased to 191 bps thanks to a better investment result while Life Unit-Linked margin amounted to 22 bps.

The Non-Life combined ratio stood at 98.1%, the same level as last year. Increased medical claims costs in Portugal were compensated for by an improved combined ratio in the UK.

The Net Operating Result amounted to EUR 36 million of which EUR 19 million in Life and EUR 17 million in Non-Life. The Life result increased compared to last year thanks to an improved investment result. Last year's Non-Life result included an exceptional gain of EUR 45 million related to the sale of the commercial lines book in the UK.

Asia

Inflows in Asia increased by 9% at constant exchange rate over the first six months of the year, with solid growth recorded in both Life and Non-Life. In Life, the 9% increase in inflows was largely driven by high new business sales in China, up 45% ahead of a change in guaranteed return, while renewals remained in line with last year with excellent persistency ratios. In Non-Life, inflows were up 9% at constant exchange rates, thanks to a strong sales momentum across the region. This translated in a New Business contribution to the CSM of EUR 363 million and an Operating CSM movement of EUR 244 million.

The Net Operating Result, which amounted to a solid EUR 297 million, included some increased health costs in China in the context of the country reopening after COVID, whereas the first half last year benefitted from the lower claims experience during the lockdown.

The growth and strong operating performance in the Asian region was reflected in an Operational Capital Generation of EUR 712 million.

Reinsurance

Reinsurance protection inflows increased thanks to new non-proportional external premiums related to the third-party reinsurance business via Ageas Re.

The combined ratio of the Protection business improved to 71.4%, compared to 94.9% in the first half of 2022.

The total Net Operating Result of the Reinsurance segment increased to EUR 66 million significantly up compared to last year mainly thanks to benign weather, while last year's result was significantly impacted by adverse weather in Belgium and the UK.

Non-financial and Sustainability Achievements

In line with Ageas's ambition to be a Great place to Grow, Ageas Corporate Centre, AG and AG Real Estate in Belgium and Ageas UK have all been certified "**Top Employer**", while Ageas Asia has been awarded "Best Companies to work for in Asia 2023" by HR Asia.

Further underscoring Ageas's strong commitment to responsible investing, AG in Belgium reached a significant milestone in the first half of the year, successfully classifying more than 99% of its investment funds under Article 8 of the SFDR regulation. AG also achieved the **Ecovadis GOLD** label placing it among the top 5% best performing companies in the world for sustainability and launched its **Go4Impact-platform** allowing Brokers to calculate their CO2 emissions and set-up a reduction plan. For the second consecutive year Ageas Portugal supported **Triggers**, an acceleration programme that stimulates the generation of new ideas and their transformation into sustainable solutions, supporting entrepreneurs and start-ups with innovative impact solutions. In **Asia**, Etiqa became the first Malaysian insurer to join the United Nations' Principles for Sustainable Insurance (UN PSI). Recognising the significant efforts made across the Group in the sustainability space, **MSCI** upgraded Ageas's sustainability rating from 'A' to 'AA', while the **ISS rating** also improved to an overall score of 7.

In India and the Philippines, **new agency channels** were launched, further diversifying and strengthening the Group's distribution network in Asia. For the third consecutive year, Ageas UK were named "**Personal Lines Insurer of the Year**" at the British Insurance Awards and AG was named by brokers for the 10th time as the best insurance broker company in Belgium, receiving the **Decavi Non-Life Brokers' Trophy**. Philippe Van Belle, AG's CIO, was named Belgium's **CIO of the year** for migrating AG's core systems to a more modern platform. Seguro Directo, Ageas's direct insurance company in Portugal is distinguished for the 3rd consecutive year as the "**Excellence Choice**", an award that recognises best customer-oriented practices.

Strategic developments

In Europe, Ageas signed a sale agreement with La Mutuelle Epargne Retraite Prévoyance Carac for the **sale of Ageas's French Life Insurance activities,** which is expected to close in Q3 2023 In Belgium, AG and BNP Paribas Fortis acquired Touring NV, with AG holding 75% of the shares.

Primary financial statements

Consolidated statement of financial position

	Note	30 June 2023	31 December 2022 Restated (*)
Assets			
Cash and cash equivalents		1,513	1,176
Financial investments	*1*	77,631	76,489
Investment property	*2*	3,153	3,030
Insurance contract assets	*4*	21	18
Reinsurance contract assets	*5*	689	677
Equity-accounted investments		4,603	4,680
Property and equipment	*3*	2,244	2,227
Goodwill and other intangible assets		1,447	1,416
Deferred tax assets		1,118	1,177
Other assets		2,343	2,190
Assets held for sale		4,225	4,212
Total assets		**98,987**	**97,292**
Liabilities			
Investment contract liabilities		13,634	13,378
Insurance contract liabilities	*4*	62,741	62,572
Reinsurance contract liabilities			
Borrowings	*6*	4,527	3,727
Provisions	*7*	75	72
Deferred tax liabilities		417	417
Subordinated liabilities	*8*	2,519	2,517
RPN(I)	*9*	402	334
Other liabilities		2,420	2,282
Liabilities related to assets held for sale		4,048	4,057
Total liabilities		**90,783**	**89,356**
Equity			
Shareholders' equity	*10*	7,225	6,975
- *Share capital and share premium*		*3,553*	*3,553*
- *Other reserves*		*3,672*	*3,422*
Non-controlling interests		979	961
Total equity		**8,204**	**7,936**
Total liabilities and equity		**98,987**	**97,292**

(*) See 'Summary of accounting policies and estimates' section 2.

Consolidated income statement

	Note	First half year 2023	First half year 2022 Restated (*)
Insurance revenue	*11*	3,096	2,960
Insurance service expenses	*12*	(2,430)	(2,480)
Net result from reinsurance contracts held		(107)	(21)
Insurance service result		**559**	**459**
Interest, dividend and other investment income non-related to unit-linked investments	*13.1*	1,392	1,213
Net gain on derecognition and changes in fair value non-related to unit-linked investments	*13.2*	61	(58)
Investment income related to unit-linked investments		814	(2,641)
Net impairment loss on financial assets		(20)	(1)
Net investment income		**2,247**	**(1,487)**
Finance expenses from insurance contracts	*13*	(1,128)	197
Finance income from reinsurance contracts	*13*	7	4
Movement in investment contract liabilities		(490)	1,694
Net finance result	*13*	**636**	**408**
Net insurance and finance result		**1,195**	**867**
Other income		129	120
Financing costs	*14*	(127)	(70)
Change in impairments		(15)	(3)
Change in provisions		2	5
Unrealised gain (loss) on RPN(I)		(68)	107
Other operating expenses		(651)	(545)
Share in the results of equity-accounted investments		310	321
Total other income and expenses		**(420)**	**(65)**
Result before tax		**775**	**802**
Income tax expense		(132)	(100)
Net result for the period before discontinued operations		**643**	**702**
Net result of discontinued operations			
Net result for the period		**643**	**702**
Net result attributable to non-controlling interests		112	71
Net result attributable to shareholders		**531**	**631**
Per share data (EUR)			
Basic earnings per share		2.89	3.42
Diluted earnings per share		2.89	3.41

(*) See 'Summary of accounting policies and estimates' section 2.

Consolidated statement of comprehensive income

	Note	First half year 2023	First half year 2022 Restated (*)
Net result for the period		**643**	**702**
Items that will not be reclassified to the income statement:			
Remeasurement of defined benefit liability/asset		(5)	292
Net change in fair value of equity investments designated at FVOCI		283	(402)
Net change in fair value of hedging instruments		(18)	
Net realised gains/(losses) on equity investments designated at FVOCI and hedging instruments reclassified to retained earnings		(31)	(67)
Share of other comprehensive income of equity-accounted investments		86	(131)
Related income tax		(19)	20
Total of items that will not be reclassified to the income statement		**296**	**(288)**
Items that are or may be reclassified subsequently to the income statement:			
Net change in fair value of financial investments measured at FVOCI		407	(9,710)
Net change in fair value of hedging instruments		5	167
Net finance expenses from insurance contracts	13	(298)	8,958
Net finance income from reinsurance contracts held	13	(4)	(140)
Foreign currency translation differences		(262)	177
Share of other comprehensive income of equity-accounted investments		(86)	(141)
Related income tax			177
Total items that are or may be reclassified to the income statement		**(238)**	**(512)**
Other comprehensive income for the period		**58**	**(800)**
of which:			
Other comprehensive income relating to disposal group held for sale		*(3)*	
Total comprehensive income for the period		**701**	**(98)**
Net result attributable to non-controlling interests		112	71
Other comprehensive income attributable to non-controlling interests		75	(151)
Total comprehensive income attributable to non-controlling interests		**187**	**(80)**
Total comprehensive income attributable to shareholders		**514**	**(18)**

(*) *See 'Summary of accounting policies and estimates' section 2.*

Consolidated statement of changes in equity

	Attributable to shareholders										
	Share capital	Share premium reserve	Other reserves	Net result attributable to share-holders	Re-measurement post-employment benefits plans	Currency translation reserve	Financial investments	Insurance and reinsurance contracts	Share-holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2022 as previously reported	**1,502**	**2,051**	**3,744**	**845**	**(104)**	**29**	**3,862**	**(15)**	**11,914**	**2,258**	**14,172**
Impact of initial application of IFRS 17			182				1,506	(7,646)	(5,958)	(1,735)	(7,693)
Impact of initial application of IFRS 9			703			(4)	1,169		1,868	590	2,458
Restated balance as at 1 January 2022 IFRS 17/9	**1,502**	**2,051**	**4,629**	**845**	**(104)**	**25**	**6,537**	**(7,661)**	**7,824**	**1,113**	**8,937**
Impact of initial application of IAS 29			1			12			13		13
Restated balance as at 1 January 2022	**1,502**	**2,051**	**4,630**	**845**	**(104)**	**37**	**6,537**	**(7,661)**	**7,837**	**1,113**	**8,950**
Net result for the period				631					631	71	702
Other comprehensive income					159	176	(6,440)	5,456	(649)	(151)	(800)
of which:											
Transfer from OCI to retained earnings upon disposal							*(57)*		*(57)*	*(17)*	*(74)*
Total comprehensive income for the period (restated)				**631**	**159**	**176**	**(6,440)**	**5,456**	**(18)**	**(80)**	**(98)**
Transfer			845	(845)							
Dividend			(495)						(495)	(169)	(664)
Treasury shares			(90)						(90)		(90)
Other changes in equity (1)			33						33	13	46
of which:											
Transfer from OCI to retained earnings upon disposal			*58*						*58*	*16*	*74*
Restated balance as at 30 June 2022	**1,502**	**2,051**	**4,923**	**631**	**55**	**213**	**97**	**(2,205)**	**7,267**	**877**	**8,144**
Balance as at 1 January 2023	**1,502**	**2,051**	**4,594**	**1,097**	**46**	**26**	**(2,096)**	**(245)**	**6,975**	**961**	**7,936**
of which amounts recognised in OCI and accumulated in equity relating to disposal group held for sale					*1*		*(230)*	*203*			
Net result for the period				531					531	112	643
Other comprehensive income					(4)	(261)	942	(694)	(17)	75	58
of which:											
Transfer from OCI to retained earnings upon disposal							*(35)*		*(35)*	*(8)*	*(43)*
Total comprehensive income for the period				**531**	**(4)**	**(261)**	**942**	**(694)**	**514**	**187**	**701**
Transfer			1,097	(1,097)							
Dividend			(270)						(270)	(174)	(444)
Treasury shares											
Other changes in equity (1)			6						6	5	11
of which:											
Transfer from OCI to retained earnings upon disposal			*40*						*40*	*11*	*51*
Balance as at 30 June 2023	**1,502**	**2,051**	**5,427**	**531**	**42**	**(235)**	**(1,154)**	**(939)**	**7,225**	**979**	**8,204**
of which amounts recognised in OCI and accumulated in equity relating to disposal group held for sale					*1*		*(253)*	*223*			

(1) Other changes in shareholders' equity include changes in the fair value of the put option written on Interparking shares, indemnities paid to BNP Paribas Fortis SA/NV for Ageas shares held related to the CASHES securities (see Note 16.2) and, if and when applicable, capital distributions to holders of FRESH and CASHES securities because Ageas's dividend yield exceeded 5%.

Comprehensive Equity

To provide a more economic view of Ageas' equity, Ageas uses the measure of 'Comprehensive Equity' whereby reported consolidated Shareholders' equity is adjusted (on an after-tax basis) with the following items:

- Ageas' interest in non-recognized unrealised gains or losses on real estate (investment property and car parks) measured at amortised cost (unless they are part of the underlying items for insurance contracts measured under the VFA approach); and
- Ageas' interest in the CSM of life insurance contracts of subsidiaries and equity accounted investments.

Refer to note 15 for this and other performance indicators used by Ageas.

	Note	30 June 2023	31 December 2022 Restated (*)
Shareholders' equity		**7,225**	**6,975**
Non-recognised net unrealised gains/(losses) of fully consolidated subsidiaries on:			
- Investment property	*2*	1,157	1,237
- Land and buildings held for own use and car parks	*3*	774	733
- Car park concession		196	196
- Related income tax		(591)	(589)
Total non-recognised gains/(losses) of fully consolidated subsidiaries after income taxes		1,536	1,577
Attributable to non-controlling interests		386	395
Total non-recognised gains/(losses) of fully consolidated subsidiaries after income taxes, attributable to shareholders		**1,150**	**1,182**
Non-recognised gains/(losses) of equity-accounted investments after income taxes, attributable to shareholders		140	144
Total non-recognised gains/(losses) after income taxes, attributable to shareholders		**1,290**	**1,326**
Contractual service margin of fully consolidated subsidiaries:			
- From insurance contracts	*4*	3,505	3,460
- From reinsurance contracts held	*5*		
- Related income tax		(878)	(864)
Total contractual service margin of fully consolidated subsidiaries after income taxes		2,627	2,596
Attributable to non-controlling interests		668	660
Total contractual service margin of fully consolidated subsidiaries after income taxes, attributable to shareholders		**1,959**	**1,936**
Contractual service margin of equity-accounted investments after income taxes, attributable to shareholders		5,130	5,433
Total contractual service margin after income taxes, attributable to shareholders		**7,089**	**7,369**
Comprehensive shareholders' equity		**15,604**	**15,670**

(*) See 'Summary of accounting policies and estimates' section 2.

Consolidated statement of cash flow

	Note		First half year 2023		First half year 2022 Restated (*)
Cash and cash equivalents as at 1 January, from continued operations			1,176		2,142
Cash and cash equivalents as at 1 January, from disposal group held for sale			89		
Cash and cash equivalents as at 1 January			**1,265**		**2,142**
Result before taxation			**775**		**802**
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	*9*	68		(107)	
Net insurance service and finance result and result on sales and revaluations		237		510	
Share in result of equity-accounted investments		(310)		(321)	
Depreciation, amortisation and accretion (non-attributable to insurance contracts)		194		237	
Net impairment loss on financial assets and change in impairment		35		4	
Provisions		(2)		(5)	
Share-based compensation expense		(2)		2	
Total adjustments to non-cash items included in result before taxation			**220**		**320**
Changes in operating assets and liabilities:					
Insurance contracts assets and liabilities	*4.1 & 4.2*	(558)		(651)	
Reinsurance contracts assets and liabilities	*5*	(101)		(97)	
Investment contracts liabilities		(283)		213	
Net changes in all other operational assets and liabilities		(177)		(206)	
Income tax paid		(6)		(59)	
Total changes in operating assets and liabilities			**(1,125)**		**(800)**
Cash flow from operating activities			**(130)**		**322**
Investing activities within the group		(1)			
Purchases of financial investments		(5,321)		(7,858)	
Proceeds from sales and redemptions of financial investments		5,466		6,633	
Derivatives assets and liabilities (relating to investing activities)		132		(4)	
Cash flows relating to repurchase agreements		764		1,434	
Purchases of investment property		(202)		(86)	
Proceeds from sales of investment property		3		117	
Purchases of property and equipment		(50)		(35)	
Proceeds from sales of property and equipment		6		2	
Acquisitions of subsidiaries and associates (including capital increases in associates)		(9)		(127)	
Divestments of subsidiaries and associates (including capital repayments of associates)		99			
Dividend received from associates		66		153	
Purchases of intangible assets		(45)		(24)	
Proceeds from sales of intangible assets		1		6	
Cash flow from investing activities			**909**		**211**
Proceeds from the issuance of borrowings	*6*	102		(10)	
Payment of borrowings	*6*	(121)		(76)	
Purchases of treasury shares				(90)	
Dividends paid to shareholders of parent companies		(270)		(495)	
Dividends paid to non-controlling interests		(174)		(169)	
Repayment of capital (including minority interest)		(9)		(2)	
Cash flow from financing activities			**(472)**		**(842)**
Effects of foreign exchange differences on cash and cash equivalents			**5**		**(4)**
Cash and cash equivalents as at 30 June, from continued operations			1,513		1,829
Cash and cash equivalents as at 30 June, from disposal group held for sale			64		
Cash and cash equivalents as at 30 June			**1,577**		**1,829**
Supplementary disclosure of operating cash flow information					
Interest received		323		355	
Dividend received from financial investments		883		777	
Interest paid		(143)		(129)	

(*) See 'Summary of accounting policies and estimates' section 2.

Notes to the condensed consolidated interim financial statements

Summary of accounting policies and estimates

These Condensed Consolidated Interim Financial Statements ('Interim Financial Statements') as at and for the first six months of 2023 include the financial statements of Ageas SA/NV (the parent company) and its subsidiaries. These Interim Financial Statements are prepared in accordance with the International Accounting Standard IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The Board of Directors of Ageas authorised these interim financial statements for issue on 29 August 2023.

1 Basis of accounting

These interim financial statements provide an update to the latest complete set of the Ageas Consolidated Financial Statements for the year ended on 31 December 2022 and should accordingly be read in conjunction with these financial statements.

The accounting policies applied for the first six months of 2023 are consistent with those applied for the year ended on 31 December 2022, except for the changes listed in section 2 below.

These interim financial statements are prepared on a going concern basis and are presented in euro, which is the functional currency of Ageas. All amounts have been rounded to the nearest million, unless indicated otherwise.

The consolidated statement of financial position is not presented using a current/non-current classification. Assets and liabilities recorded in the consolidated statement of financial position of Ageas generally have a duration of more than twelve months, except for cash and cash equivalents, insurance contract assets and other receivables, accrued interest, other assets, assets held for sale, Non-Life insurance contract liabilities for remaining coverage, some borrowings like repurchase agreements, accrued interest, other liabilities, current tax assets and liabilities related to assets held for sale.

The most significant IFRS standards applied for the measurement of assets and liabilities are:
- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 21 for the effects of changes in foreign exchange rates;
- 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 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 7 for financial instruments – disclosures;
- IFRS 8 for operating segments;
- IFRS 9 for financial instruments;
- 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;
- IFRS 16 for leases; and
- IFRS 17 for insurance contracts.

2
Changes in accounting policies and impact of initial application of IFRS 9 and IFRS 17

2.1 Current-year changes in IFRS standards

In these interim financial statements, Ageas initially applied the standards IFRS 9 'Financial instruments' and IFRS 17 'Insurance contracts', including any consequential amendments to other IFRS standards effective as from 1 January 2023.

The adoption of IFRS 9 and IFRS 17 resulted in significant changes compared to the previously applied accounting policies. Ageas recognised the impact of the adoption of IFRS 9 and IFRS 17 in equity at the transition date.

The transition date towards IFRS 9 and IFRS 17 is 1 January 2022, because IFRS 17 requires an entity to restate information in respect of the reporting period 2022 in its financial statements over the reporting period ending on 31 December 2023.

In view of this requirement, Ageas decided to also restate comparative information for 2022 on financial instruments, applying the requirements in IFRS 9 on 'classification and measurement' and on 'impairment' to all its financial assets, using reasonable and supportable information available on 1 January 2022. This follows from the application of the 'classification overlay' included in the amendments to IFRS 17 'Initial application of IFRS 17 and IFRS 9 – comparative information', which have been issued by the IASB in December 2021 and as endorsed by the EU in September 2022.

The table below includes the main impacts of the adoption of IFRS 9 and IFRS 17 on 1 January 2022.

IFRS4/IAS39 as previously reported	IFRS 17/IFRS 9 restated	Balance as at 1 January 2022 as previously reported	Adjustments due to adoption of IFRS 9	Transfer	Adjustments due to adoption of IFRS 17	Restated balance as at 1 January 2022
Cash and cash equivalents	Cash and cash equivalents	1,937	205			2,142
Financial investments (incl. loans)	Financial investments (incl. loans)	74,444	684	33	(518)	74,643
Investments related to UL contracts	UL Financial investments	18,899	2,258	9		21,166
Investment property	Investment property	3,117	44			3,161
	Life/Non-Life insurance contract assets				32	32
Reinsurance and other receivables		2,149			(1,298)	851
	Reinsurance contract assets				846	846
Current tax assets	Current tax assets	53				53
Equity-accounted investments	Equity-accounted investments	5,328	103		(645)	4,786
Property and equipment	Property and equipment	1,732				1,732
Goodwill and other intangible assets	Goodwill and other intangible assets	1,322			(33)	1,289
Deferred tax assets	Deferred tax assets	100	(1,391)		2,330	1,039
Accrued interests and other assets	Accrued interests and other assets	2,039	27	(62)	(433)	1,571
Assets held for sale	Assets held for sale	19				19
Total assets	**Total assets**	**111,139**	**1,930**	**(20)**	**281**	**113,330**
Current tax liabilities	Current tax liabilities	16				16
Liabilities related to UL contracts	Investment contract liabilities	18,901	60	3,137	(7,701)	14,397
	Life/Non-Life insurance contract liabilities				80,359	80,359
Liabilities from Life/Non-life insurance contracts		36,562		(3,137)	(33,425)	
Liabilities from Life investment contracts		30,617			(30,617)	
	Reinsurance contract liabilities				2	2
Borrowings	Borrowings	3,616		(20)	(74)	3,522
Provisions	Provisions	182				182
Deferred tax liabilities	Deferred tax liabilities	971	(615)		(38)	318
Subordinated liabilities	Subordinated liabilities	2,748				2,748
RPN(I)	RPN(I)	520				520
Accrued interest and other liabilities	Accrued interest and other liabilities	2,834	27		(532)	2,329
Total liabilities	**Total liabilities**	**96,967**	**(528)**	**(20)**	**7,974**	**104,393**
Share capital and retained earnings	Share capital and retained earnings	8,142	703		182	9,027
Other comprehensive income	Other comprehensive income	3,772	1,165		(6,140)	(1,203)
Non-controlling interest	Non-controlling interest	2,258	590		(1,735)	1,113
Total equity	**Total equity**	**14,172**	**2,458**		**(7,693)**	**8,937**
Total liabilities and equity	**Total liabilities and equity**	**111,139**	**1,930**	**(20)**	**281**	**113,330**

The line 'Life/Non-Life insurance liabilities' above includes an amount of contractual service margin (CSM) of EUR 3,321 million.

Sections A. and B. below highlight the changes from the adoption of IFRS 9 and IFRS 17 and the transition impacts pertaining to Ageas (non-consolidated) and its subsidiaries. Section C. below summarises the transition impacts from equity accounted associates and joint ventures.

A. Changes brought by and transition impact of IFRS 9 pertaining to Ageas (non-consolidated) and its subsidiaries

IFRS 9 is a comprehensive new accounting standard for financial instruments, covering the (de)recognition, classification and measurement of financial instruments, new requirements on impairments of financial assets and guidance on hedge accounting.

The IASB issued IFRS 9 'Financial instruments' in July 2014 and the EU endorsed IFRS 9 in November 2016. IFRS 9 replaced IAS 39 'Financial instruments – recognition and measurement' for reporting periods starting on 1 January 2018 or later.

However, Ageas continued to apply IAS 39 in the reporting periods 2018 until 2022 because it was permitted to do so by amendments to IFRS 4 'Extension of the temporary exemption from applying IFRS 9', which have been published by the IASB in June 2020 and were endorsed by the EU in December 2020.

A.1 Classification and measurement of financial assets

Under IAS 39, Ageas classified financial assets at their acquisition date as 'held-to-maturity', 'loans and receivables', 'available-for-sale', 'held-for-trading' or as financial assets designated at fair value through profit or loss. The measurement of financial assets followed their classification.

The classification and measurement categories under IAS 39 have been replaced under IFRS 9 by three principal measurement bases (i.e. amortised cost, fair value through other comprehensive income and fair value through profit or loss). At the transition date, Ageas reclassified all financial assets to their new classification category under IFRS 9, using reasonably available information at that date. Ageas applied the classification categories under IFRS 9 retrospectively, as if the financial assets had always been measured as such since their initial recognition.

Debt instruments

Under IFRS 9, Ageas classifies debt instruments and cash and cash equivalents based on their contractual cash flow characteristics and on the business model in which the financial asset is managed.

The largest part of the investments of Ageas (non-consolidated) and its subsidiaries in debt instruments has contractual cash flows that consist solely of payments of principal and interest on the principal amount outstanding (SPPI-test).

Using reasonably available information at the transition date, Ageas (non-consolidated) and its subsidiaries determined that the largest part of their investments in debt instruments that pass the SPPI-test are managed within the 'hold to collect and sell' business model. Consequently, those debt instruments are measured at fair value through other comprehensive income (FVOCI). This business model includes:

- Most of their investments in government and corporate debt instruments that were classified as 'available-for-sale' under IAS 39. Except for the remeasurement of the loss allowance for expected credit losses (see below), there was no impact on transition for those debt instruments.
- Most of their investments in loans, government bonds and other debt instruments that were classified as 'held-to-maturity' or as 'loans and receivables' and measured at amortised cost (AC) under IAS 39. For those investments, Ageas (non-consolidated) and its subsidiaries recognised at the transition date their cumulative fair value changes since their initial recognition in other comprehensive income (OCI) and remeasured the loss allowance for expected credit losses (see below). At the transition date, Ageas reclassified EUR 4,351 million of government bonds (mainly Belgian and Portuguese government bonds) and EUR 12,187 million of loans from 'amortised cost' to FVOCI, resulting in a revaluation of EUR 3,026 million (before tax) through OCI.

Ageas (non-consolidated) and its subsidiaries continue to measure some untransferable loans at AC. Those loans were classified as 'loans and receivables' under IAS 39. At the transition date, Ageas (non-consolidated) and its subsidiaries assessed that those untransferable loans pass the SPPI-test and that they are managed within the 'hold to collect' business model.

Some investments in debt instruments, mainly investments in unquoted investment funds or exchange traded funds, do not pass the SPPI-test under IFRS 9. At the transition date, Ageas (non-consolidated) and its subsidiaries mandatorily reclassified and remeasured those investments at fair value through profit or loss (FVTPL), while those investments were measured at AC or at FVOCI under IAS 39.

At the transition date, Ageas (non-consolidated) and its subsidiaries decided to designate as measured at FVTPL financial assets that cover unit-linked contracts, because such designation reduces measurement or recognition inconsistencies ('accounting mismatch') with the measurement of the corresponding insurance or investment contract liabilities.

Under IAS 39, Ageas (non-consolidated) and its subsidiaries recognised policyholder loans as financial assets. In line with the requirements in IFRS 17, Ageas (non-consolidated) and its subsidiaries included the policyholder loans in the measurement of the insurance contract liabilities (see below) at the transition date.

Equity instruments

Under IFRS 9, investments in equity instruments are always measured at fair value. Under IAS 39, Ageas (non-consolidated) and its subsidiaries classified the largest part of their investments in equity instruments as ‘available-for-sale’ and consequently measured those investments at FVOCI.

At the transition date, Ageas (non-consolidated) and its subsidiaries decided to continue to measure the largest part of their investments in equity instruments at FVOCI, by applying the irrevocable election in IFRS 9 to present subsequent changes in their fair value in OCI (rather than in the income statement). On the date of derecognition of an investment in equity instruments, for which Ageas (non-consolidated) and its subsidiaries have elected to present subsequent changes in their fair value in OCI, Ageas (non-consolidated) and its subsidiaries reclassify the unrealised gains or losses, that were previously recognised in OCI, to retained earnings.

The remaining part of their investments in equity instruments, including amongst other equity instruments that cover unit-linked contracts, are measured at FVTPL.

Loss allowance for expected credit losses

Under IAS 39, Ageas recognised impairments of financial assets using the ‘incurred loss’ model. Ageas considered a financial asset (or group of financial assets) classified as either ‘available-for-sale’, ‘loans and receivables’ or ‘held-to-maturity’ to be impaired if there was objective evidence of impairment as a result of one or more loss events or triggers that had occurred after initial recognition of the financial asset and if the loss event (or events) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably measured. For investments in equity instruments, Ageas considered that there was objective evidence of impairment if the fair value of the equity instrument decreased significantly (i.e. 25%) below its carrying value or when the fair value of the equity instrument had been below its carrying value for a prolonged period (i.e. 365 consecutive days) on the date of the statement of financial position.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward looking ‘expected credit loss’ (ECL) model. The new ECL model applies to investments in debt instruments that are measured at AC or at FVOCI, to lease receivables, trade receivables and contract assets. Investments in equity instruments are out of scope of the ECL model.

For investments in debt instruments for which the credit risk has not increased significantly since their initial recognition (i.e. classified in Stage 1), IFRS 9 requires an entity to recognise a loss allowance at an amount equal to 12-month ECL. For investments in debt instruments for which the credit risk has increased significantly since their initial recognition (i.e. classified in Stage 2) or for investments in debt instruments that are in default, for example because of material arrears in contractual payments (i.e. classified in Stage 3), a loss allowance at an amount equal to lifetime ECL shall be recognised.

At the transition date, Ageas used reasonable and supportable information to determine the credit risk of a debt instrument at the date of its initial recognition. For debt instruments that had a low credit risk on 1 January 2022, Ageas concluded that there has been no significant increase in credit risk since initial recognition (i.e. classified in Stage 1).

Within Ageas (non-consolidated) and its subsidiaries, the adoption of the ECL model resulted in the recognition of a loss allowance for ECL on their investments in debt instruments that is marginally higher than the amount of impairments that those entities recognised under IAS 39 for the same instruments. This follows from the fact that the majority of their investments in debt instruments are ‘investment grade’ (i.e. having a credit risk rating of Baa3 or BBB- or above) and are consequently not characterised by a significant increase in credit risk since their initial recognition date (i.e. classified in Stage 1). For those investments, Ageas (non-consolidated) and its subsidiaries recognised a loss allowance at an amount equal to 12-month ECL.

The table below reconciles the impairments recognised under IAS 39 at the transition date to the loss allowance for ECL recognised under IFRS 9.

		31 December 2021	Reclassifications					1 January 2022
IAS39 as previously reported	IFRS 9 restated	Impairment amount IAS39	Reclassified from AC to FVOCI	Reclassified from AC to FVTPL	Reclassified from FVOCI to FVTPL	No reclassifications	Remeasurement	Impairment amount IFRS 9
Cash and cash equivalents	**Cash and cash equivalents**							
Financial investments	**Financial investments**	**355**			**(170)**		**(114)**	**71**
- Held to maturity (AC)	- AC							
- Available for sale	- FVOCI	327			(170)		(120)	37
- Debt securities	- Debt securities	20					17	37
- Equity securities	- Equity securities	306			(170)		(136)	
- Loans (AC)	- Loans AC	28	(28)				2	2
	- Loans FVOCI		28				4	32
Trade & other receivables	**Trade & other receivables**	**52**					**(8)**	**44**
Total impairment allowances		**407**			**(170)**		**(122)**	**115**

A.2 Classification and measurement of financial liabilities

Ageas did not reclassify any financial liability following the adoption of IFRS 9.

A.3 Hedge accounting

Ageas now applies the requirements in IFRS 9 on hedge accounting.

At the transition date, this resulted into the designation as a fair value hedge of existing hedging relationships related to forward sales of investments in equity instruments that were designated as a cash flow hedge under IAS 39. This had no impact on the carrying amounts recognised in the statement of financial position and in OCI; the unrealised results on the hedging instruments and the hedged items remained recognised in OCI. The adoption of the hedge accounting requirements under IFRS 9 had no impact on the other ongoing hedging relationships.

B. Changes brought by and transition impact of IFRS 17 pertaining to Ageas (non-consolidated) and its subsidiaries

IFRS 17 is a comprehensive new accounting standard for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, covering the recognition, measurement, presentation and disclosure of new and in-force groups of contracts. IFRS 17 replaces IFRS 4 ‘Insurance contracts’ for reporting periods starting on 1 January 2023 or later.

The IASB issued IFRS 17 ‘Insurance contracts’ in May 2017 and amended IFRS 17 in June 2020. The EU endorsed IFRS 17, including the June 2020 amendments, in November 2021. This endorsement includes an (optional) European carve-out of the annual cohort requirement in IFRS 17 for groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features and with cash flows that affect or are affected by cash flows to policyholders of other contracts. Ageas (non-consolidated) and its subsidiaries apply this carve-out for a limited set of insurance contracts with direct participation features, to align with local market practice.

B.1 Changes to the classification, measurement and presentation of insurance contracts

Under IFRS 4, Ageas was permitted to account for insurance contracts, reinsurance contracts and investment contracts with and without discretionary participation features using its local generally accepted accounting principles (GAAP). A liability adequacy test (LAT-test) was performed at each reporting period to ensure that the reported insurance liabilities were adequate.

Under IFRS 4, Ageas reported the following line items in its income statement:

- Premium income;
- Insurance claims and benefits; and
- Changes in liabilities arising from insurance and investment contracts.

IFRS 17 establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.

All references below to 'insurance contracts' or 'contracts' equally apply to reinsurance contracts (both reinsurance contracts held and reinsurance contracts issued) and investment contracts with discretionary participation features, unless specifically stated otherwise.

For presentation and measurement purposes, contracts are divided into portfolios, annual cohorts and groups of contracts.

A group of contracts is measured based on the sum of (except for the liability for remaining coverage of groups of contracts measured applying the Premium Allocation Approach):

- The present value of their estimated future cash flows;
- An explicit risk adjustment for non-financial risk; and
- The amount of unearned profit in the group of contracts (i.e. the contractual service margin – CSM), unless the group of contracts is onerous.

The liability for remaining coverage of a group of contracts measured applying the Premium Allocation Approach is based on the premiums received minus the amount recognised as insurance revenue for services provided in that period.

In the statement of financial position, the carrying amounts of following portfolios of contracts are presented separately:

- Insurance contracts issued that are assets;
- Insurance contracts issued that are liabilities;
- Reinsurance contracts held that are assets; and
- Reinsurance contracts held that are liabilities.

In the income statement, insurance revenue, insurance service expense, insurance finance income or expenses and income or expenses from reinsurance contracts held are presented separately. Profit from a group of contracts is recognised over each reporting period in which Ageas provides insurance contract services and as Ageas is released from the underlying risk. If a group of contracts is (expected to be) onerous (i.e. loss making), the loss is recognised immediately in the income statement. Investment components are no longer included in insurance revenue and insurance service expenses.

B.2 Changes to the classification and measurement of investment property

With the adoption of IFRS 17, Ageas changed the way it measures investment property that is backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property. Previously, Ageas measured such investment property at cost less accumulated depreciation. Following an amendment to IAS 40 'Investment property', such investment property is now initially measured at cost and subsequently measured at fair value, with changes in fair value recognised in the income statement. As such, Ageas reduces measurement or recognition inconsistencies ('accounting mismatch') with the measurement of the corresponding insurance or investment contract liabilities.

B.3 Impact at transition pertaining to Ageas (non-consolidated) and its subsidiaries

At the transition date, Ageas identified, measured and recognised each group of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features retrospectively, as if the requirements of IFRS 17 applied to those groups of contracts since their initial recognition (i.e. the 'full retrospective approach'), unless impracticable. This included the identification, measurement and recognition of any (asset for) insurance acquisition cash flows. At the transition date, a recoverability assessment was performed on the (asset for) insurance acquisition cash flows. No recoverability assessment was performed before that date.

Existing balances, that would not exist had IFRS 17 always been applied, were derecognised at the transition date. For Ageas (non-consolidated) and its subsidiaries, these included deferred acquisition costs that were recognised under IFRS 4 (EUR 418 million), intangible assets related to insurance contracts (previously referred to as 'value of business acquired') (EUR 33 million), (re)insurance receivables and payables etc. that are attributable to existing contracts. Under IFRS 17, these amounts are included in the measurement of the (re)insurance contract liabilities. Any resulting net difference was recognised in equity.

In some situations, Ageas was not able to measure a group of contracts fully retrospectively at the transition date. This was the case where:

- The information in the existing reporting systems of Ageas about historical cash flows was based on assumptions that were developed using hindsight;
- Some reasonable and supportable information about historical cash flows was not available in the existing reporting systems of Ageas, or was only available at a higher or at different levels of aggregation than the requirements on grouping of contracts under IFRS 17;
- The information in the existing reporting systems of Ageas did not permit to appropriately estimate the movement of the contractual service margin before the transition date. These movements have an impact on the contractual service margin at the transition date.

In these instances, Ageas measured those groups of contracts at the transition date applying the 'modified retrospective approach' or applying the 'fair value approach' (see below). The objective of those alternative measurement approaches at transition was to achieve the closest outcome possible to the full retrospective approach, using reasonable and supportable information that was available without undue cost or effort at the transition date.

The transition approaches used by Ageas (non-consolidated) and its subsidiaries can be summarised as follows:

Business	LRC / LIC	IFRS 17 measurement approach	Year of issue	IFRS 17 transition approach
Life & similar-to-Life	Liability for remaining coverage	General Measurement Model	2018 – 2021	Full retrospective approach
			Prior to 2018	Modified retrospective approach or fair value approach
	Liability for remaining coverage	Variable Fee Approach	All years	Modified retrospective approach
Non-life & similar-to-Non-Life	Liability for remaining coverage	Premium Allocation Approach	All years	Full retrospective approach
	Liability for incurred claims	General Measurement Model	2016 – 2021	Full retrospective approach
			Prior to 2016	Modified retrospective approach

The applicable approach at transition affected the calculation of the CSM of a group of contracts at the transition date:

- Full retrospective approach: the CSM at inception of the group of contracts was calculated using the assumptions at the date the group of contracts was initially recognised by Ageas and was rolled forward to the transition date to IFRS 17, as if Ageas had always applied IFRS 17;
- Modified retrospective approach: the CSM at inception of the group of contracts was calculated using simplifications in the assumptions, but considering the pre-transition fulfilment cash flows (see below);
- Fair value approach: any pre-transition cash flows and experience was not considered. The group of contracts (including CSM) was measured applying IFRS 13 'Fair value measurement' at the transition date (see below).

Modified retrospective approach

Ageas (non-consolidated) and its subsidiaries applied the modified retrospective approach to measure:

- The liability for remaining coverage of groups of insurance contracts with direct participation features; and
- The liability for incurred claims for groups of insurance contracts in their Non-Life business for accident years prior to 2016.

Different groupings were applied for contracts that were issued more than one year apart, depending on the availability of the relevant discount rates. If these discount rates were available for the different years, the relevant locked-in rates of those different years have been applied. Otherwise, all contracts were grouped into one group and the relevant locked-in rate at the transition date has been applied. This resulted in different discount rates used at the transition date, differences in future accretion rates and differences in the amounts recognised in OCI (as a result of Ageas' election to disaggregate insurance finance income or expenses between amounts presented in the income statement and amounts presented in OCI – see below).

Ageas (non-consolidated) and its subsidiaries used the following procedure to estimate the CSM at the initial recognition date of those groups of contracts:

- Ageas (non-consolidated) and its subsidiaries estimated future cash flows at the date of initial recognition of the group of contracts as the amount of future cash flows at the transition date, adjusted by the actual cash flows that have occurred between the date of initial recognition and the transition date;
- A similar approach was applied to the estimates of the risk adjustment for non-financial risk, which were determined at the transition date and were adjusted for the expected release of risk before the transition date. In estimating the release of risk, reference was made to the release of risk for similar contracts.

The CSM at the transition date was determined by reducing the CSM on initial recognition for allocations to the income statement for services provided before the transition date, this by comparing the remaining number of coverage units (i.e the quantity of insurance contract services) at the transition date with the number of coverage units provided under the group of contracts before the transition date. Where the calculated CSM resulted in a loss component, Ageas (non-consolidated) and its subsidiaries adjusted the loss component to nil and increased the liability for remaining coverage excluding loss component by the same amount.

Ageas (non-consolidated) and its subsidiaries have elected to disaggregate insurance finance income or expenses between amounts presented in the income statement and amounts presented in OCI. The cumulative amount of insurance finance income or expenses recognised in OCI at the transition date was set equal to the cumulative amount in OCI for the underlying assets.

Fair value approach

Ageas (non-consolidated) and its subsidiaries applied the fair value approach to measure the liability for remaining coverage of most of the groups of contracts in their Life business that were issued prior to 2018. Applying the fair value approach, the CSM at the transition date was determined as the difference between the fair value of the group of contracts and the fulfilment cash flows measured according to IFRS 17 at that date. In determining the fair value of the group of contracts, Ageas applied the requirements in IFRS 13 'Fair value measurement'.

The fair value of an insurance liability is the price that a market participant would be willing to receive at the transition date to assume the obligation and the remaining risk of the in-force insurance contracts at that date. Where available, recent market transactions were used to estimate the fair value of groups of insurance contracts. In absence of recent market transactions for similar insurance contracts, Ageas measured the fair value of a group of insurance contracts as the sum of:

- The present value of the net cash flows expected to be generated by the insurance contracts, determined using a discounted cash flow technique; and
- An additional margin.

In determining the fair value of a group of insurance contracts, Ageas used the following considerations:

- Only future cash flows within the boundaries of the group of insurance contracts were considered, excluding future renewals and new business that would be outside the contract boundary under IFRS 17;
- Assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13;
- Discount rates used in measuring the fulfilment cash flows were increased to reflect the risk of non-performance by Ageas; and
- Profit margins were included to reflect what a market participant would require for accepting obligations under the group of insurance contracts, beyond the risk adjustment for non-financial risk.

Ageas (non-consolidated) and its subsidiaries have elected to disaggregate insurance finance income or expenses between amounts presented in the income statement and amounts presented in OCI. The fair value approach permits to make a retrospective calculation for the determination of the cumulative amounts for insurance finance income or expenses to be recognised in OCI at transition for the related insurance contract assets and insurance contract liabilities, but only if Ageas (non-consolidated) and its subsidiaries had reasonable and supportable information to do so. In determining the amount of insurance finance income or expenses to be recognised in OCI, Ageas (non-consolidated) and its subsidiaries split the fair value of a group of insurance contracts in an amortised cost amount and in unrealised capital gains or losses.

Applying the fair value approach, Ageas (non-consolidated) and its subsidiaries grouped contracts from multiple annual cohorts into a single unit for measurement purposes, because its existing reporting systems did not have reasonable and supportable information to aggregate insurance contracts in groups including only insurance contracts issued within one year.

Aggregation of contracts in groups of expected profitability was assessed at the transition date. For this assessment, Ageas (non-consolidated) and its subsidiaries estimated the fulfilment cash flows at the transition date. To aggregate non-onerous contracts into groups of contracts that had no significant possibility to become onerous subsequently, or groups of remaining contracts, Ageas (non-consolidated) and its subsidiaries assessed the likelihood of changes in insurance, financial and other exposures on the fulfilment cash flows prospectively as at the transition date.

Furthermore, Ageas (non-consolidated) and its subsidiaries applied the following in measuring groups of contracts at transition using the fair value approach:

- The applicable discount rates at the dates of initial recognition of the groups of contracts were determined at the transition date;
- The fulfilment cash flows were estimated prospectively as at the transition date;
- Ageas (non-consolidated) and its subsidiaries did not recognise any insurance acquisition cash flow assets at the transition date.

C. Transition impacts of IFRS 9 and IFRS 17 on the carrying amounts of the equity accounted associates and joint ventures

All material associates and joint ventures initially applied IFRS 9 and IFRS 17 as from 1 January 2023. Comparative information (including the carrying amounts of these associates and joint ventures at the transition date) for 2022 was restated. Some other associates and joint ventures have not yet implemented IFRS 9 and IFRS 17. Ageas assessed that the aggregate impact thereof is not material to its consolidated financial statements. For these associates and joint ventures, Ageas will apply IFRS 9 and IFRS 17 as and when their financial statements under these standards will become available.

In applying IFRS 9 and IFRS 17, an entity takes various accounting policy choices. Some of these choices apply on a transaction-by-transaction basis (IFRS 9) or on the level of a group or a portfolio of contracts (IFRS 17), while others apply at entity level (i.e. Ageas consolidated level). The associates and joint ventures apply accounting policies at entity level consistently to those applied by Ageas and, where this is not the case, adjustments are made in the consolidated financial statements (if material).

IFRS 9 'Financial instruments'
Adopting IFRS 9, some associates and joint ventures continue to measure an important part of their investments in debt instruments at AC. Under IAS 39, those investments in debt instruments were classified as 'held-to-maturity'. Under IFRS 9, those investments in debt instruments pass the SPPI-test and are managed within the 'hold to collect' business model.

To align with local market practice or regulatory regimes, some associates and joint ventures measured an important part of their investments in equity instruments at FVTPL under IAS 39. Those entities will continue to measure their investments in equity instruments at FVTPL under IFRS 9 and will not apply the irrevocable election in IFRS 9 to present subsequent changes in fair value in OCI.

In determining the loss allowance for ECL, the associates and joint ventures use thresholds that are based on the characteristics of the financial assets in their asset portfolio and on the historical default patterns for comparable financial assets, to determine the Stage in which a financial asset is classified.

IFRS 17 'Insurance contracts'
Several associates and joint ventures issue insurance contracts with direct participation features, which under IFRS 17 are mandatorily measured applying the variable fee approach.

In general, the associates and joint ventures measure eligible groups of short-term (i.e. the coverage period is one year or less) insurance contracts in their Non-Life business and reinsurance contracts held applying the Premium Allocation Approach, unless they are of the opinion that it is more appropriate to measure those groups of insurance contracts applying the General Measurement Model. For groups of insurance contracts that are measured applying the Premium Allocation Approach, in contrast to the accounting policies applied by Ageas (non-consolidated) and its subsidiaries, some associates and joint ventures do not expense insurance acquisition costs as incurred and/or do not discount the cash flows of the liability for incurred claims that are expected to be paid in one year or less. These differences in accounting policies have no material impact on the consolidated financial statements of Ageas.

In determining the risk adjustment for non-financial risk, some associates and joint ventures apply a different confidence level than the 75th percentile target confidence level used by Ageas (non-consolidated) and its subsidiaries, to reflect their local degree of risk aversion, emerging risks, diversification, or to align with local market practice or regulatory regimes.

Some associates and joint ventures decided not to disaggregate insurance finance income or expenses between the income statement and OCI for a part of their portfolios of (re)insurance contracts.

Like Ageas (non-consolidated) and its subsidiaries, the associates and joint ventures identified, recognised and measured each group of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features retrospectively at the transition date, as if they had always applied IFRS 17, unless impracticable. Where an associate or joint venture was not able to apply the full retrospective approach, it applied the modified retrospective approach or the fair value approach at transition, depending on the information about historical cash flows available in their existing reporting systems.

D. Other current-year changes in IFRS standards

In addition to IFRS 9 and IFRS 17, following new or revised IFRS standards, interpretations, and amendments to IFRS standards and interpretations became effective for reporting periods starting on 1 January 2023. None of those changes had a significant impact on the present consolidated statement of financial position and income statement of Ageas:

- Amendments to IAS 1 'Presentation of financial statements' and IFRS Practice Statement 2 on 'Disclosure of accounting policies';
- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' on 'Definition of accounting estimates';
- Amendments to IAS 12 'Income taxes' on 'Deferred tax related to assets and liabilities arising from a single transaction'; and
- Amendments to IAS 12 'Income taxes' on 'International tax reform – Pillar Two model rules' (not yet endorsed by the EU).

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, the Organization for Economic Co-operation and Development (OECD) released a package of global tax reforms including a global minimum tax rate of 15%. Once the changes to the tax laws are enacted or substantively enacted in any jurisdiction in which Ageas operates, Ageas may be subject to the top-up tax. Currently, none of the jurisdictions in which Ageas operates has enacted or substantively enacted the tax legislation relating to the top-up tax. Ageas has initiated the preparations for the global minimum tax calculation. However, on 30 June, Ageas didn't have sufficient information yet to determine the potential quantitative impact. Ageas continues to closely monitor the progress of the legislative process in each jurisdiction in which it operates.

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 reporting periods starting on 1 January 2024 or later:

- Amendments to IAS 1 ‘Presentation of financial statements’ on:
  - ‘Classification of liabilities as current or non-current’; and
  - ‘Non-current liabilities with covenants’.
- Amendments to IFRS 16 ‘Leases’ on ‘Lease liability in a sale and leaseback’.

Ageas does not expect that any of those changes will have a significant impact on its consolidated statement of financial position and income statement.

Ageas has not early adopted any IFRS standard, interpretation or amendment that has been issued but that is not yet effective or has not yet been endorsed by the EU.

3
Significant judgements, estimates and assumptions

In preparing these interim financial statements, Ageas has made certain judgements, estimates and assumptions, which are reflected in the reported amounts of assets and liabilities, revenues and expenses and in the amounts reported in the notes to these interim financial statements. The judgements, estimates and assumptions used are based on experience and on supportable information that is reasonably available at the time these interim financial statements are prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Each judgement, estimate and assumption carries by its nature some degree of uncertainty and a risk of material adjustment (positive or negative) to the carrying amounts of assets and liabilities during (a) future reporting period(s).

The significant judgements, estimates and assumptions used are:

Acquisition and consolidation of a subsidiary
- Determining whether Ageas controls an investee
- Fair value of the consideration transferred (including contingent consideration)
- Identifying and measuring separately identifiable assets acquired and liabilities assumed

Equity accounted investments
- Determining whether Ageas has a significant influence over an investee

Disposal groups
- Determining the fair value less costs to sell of the disposal group based on significant unobservable inputs

Hyperinflationary economies
- Application of the requirements for hyperinflationary economies and assessing the selection of a general price index

Financial instruments
- Determination of fair value:
  - Assessment if there is an active market
  - The valuation model used
  - The assumptions used
  - The non-market observable inputs used (if applicable)
- Assessing the business model for managing debt instruments
- Assessing the contractual cash flow characteristics (SPPI-test)
- Measurement of the loss allowance for expected credit losses:
  - Criteria for classification in ‘Stages’ and criteria for determining whether there is a significant increase in credit risk since initial recognition
  - Choosing the appropriate models and determining the inputs in the model, including key assumptions used in estimating recoverable cash flows and incorporating forward-looking information

Property, investment property and equipment
- Determining the useful life and residual value
- Measurement of fair value based on significant unobservable inputs

Leases
- Determination of the incremental borrowing rate

(Re)insurance contract assets and liabilities
- Assessing if the contract transfers significant insurance risk or whether the contract meets the definition of an investment contract with discretionary participation features
- Assessing if a contract contains direct participation features
- Level of aggregation: identifying portfolios and groups of contracts
- Determination of contract boundaries
- For contracts measured applying the general measurement model, the approach used to distinguish changes of future cash flows arising from the effect of discretion from other changes
- Actuarial assumptions used (relating to mortality, morbidity, longevity, lapse and surrender rates, claims development, crediting rates, discount rates including illiquidity premiums, …) in determining the best estimate
- Assessing the directly attributable cash flows
- Techniques for determination and level of the risk adjustment for non-financial risk
- Identification of any investment components
- Determination of coverage units, representing the expected quantity of insurance contract services, for (future) release of the contractual service margin

Impairment of non-financial assets and goodwill
- Key assumptions underlying recoverable amounts

Other intangible assets
- Determination of the useful life and residual value

Deferred tax assets
- Amount and timing of future taxable income against which deductible temporary differences and tax losses carried forward can be used

Pension obligations
- The actuarial assumptions used to measure defined benefit obligations

Provisions
- The assumptions regarding the likelihood and magnitude of an outflow of resources

4
Events after the date of the statement of financial position

Events after the date of the statement of financial position are those events, favourable and unfavourable, that occur between the date of the statement of financial position and the date when these interim 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 date of the statement of financial position, that result in an adjustment of the amounts recognised in these interim financial statements; and
- Events that are indicative of conditions that arose after the date of the statement of financial position, that do not result in an adjustment of the amounts recognised in these interim financial statements, but for which the nature and an estimate of their financial effect, or a statement that such an estimate cannot be made, are disclosed.

An overview of events after the date of the statement of financial position is included in note 21 ‘Events after the date of the statement of financial position’ of these interim financial statements.

5
Information on operating segments

The reportable operating segments of Ageas 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.

The operating segments of Ageas are:
- Belgium;
- Europe (excluding Belgium);
- Asia;
- Reinsurance; and
- General account.

Activities not related to insurance and group eliminations are reported separately from the core insurance activities, in the operating segment ‘General account’, that also includes items such as group financing and other holding activities, as well as 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. Group eliminations are reported separately.

6
Consolidation principles

These interim financial statements include the financial statements of Ageas SA/NV (the parent company) and its subsidiaries.

A. Business combinations

When a set of acquired activities and assets meets the definition of a business and control is transferred to Ageas, Ageas accounts for a business combination using the acquisition method. For 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 (or group of processes) is substantive if it is critical to the ability to develop or convert an acquired input into output or if 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 as the sum of the fair value at acquisition date 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 fair value at the acquisition date and any resulting gain or loss is recognised in the income statement.

B. 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 classified and accounted for as non-current assets held for sale.

Intercompany transactions (balances and gains or losses on transactions between the parent company and a subsidiary or between different subsidiaries) are eliminated.

C. 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 follows:

- 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.

D. Associates and joint ventures

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

Investments in associates are accounted for using the equity method. On initial recognition, the investment is recognised at cost, which includes transaction costs. Subsequently, the investment is adjusted for the post-acquisition change in Ageas’ share of the investee’s net assets. The profit or loss recognised by Ageas includes its share of the investee’s profit or loss, which is recognised in the consolidated income statement under the line ‘Share in the results of equity-accounted investments’. Other comprehensive income (OCI) recognised by Ageas includes its share of the investee’s OCI. 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 using the equity method.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas’ 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.

E. Disposal of subsidiaries, businesses and non-current assets

A non-current asset (or disposal group), such as a subsidiary, 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 twelve 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.

A non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and its fair value less costs to sell. Furthermore, following characteristics apply to these assets:
- Measurement at the lower of the carrying amount and fair value less costs to sell does not apply to assets that are exempt from this rule, such as (re)insurance contract liabilities within the scope of IFRS 17 'Insurance contracts', financial assets within the scope of IFRS 9 'Financial instruments', deferred tax assets within the scope of IAS 12 'Income taxes' and assets arising from employee benefits within the scope of IAS 19 'Employee benefits';
- Current assets and all liabilities are measured applying the applicable IFRS standard;
- They are not depreciated or amortised; and
- They are presented separately in the statement of financial position, without offsetting of assets and liabilities.

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:
- The proceeds of the sale; and
- The carrying amount of the net assets plus any attributable goodwill and amounts accumulated in OCI (for example, foreign translation adjustments).

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 consolidated income statement.

7
Foreign currency transactions and balances

Individual entities of Ageas account for foreign currency transactions using the exchange rate at the date of the transaction.

At the end of a reporting period, outstanding balances in foreign currencies of monetary items (such as groups of (re)insurance contracts) are translated at the exchange rate prevailing at the date of the statement of financial position. To determine foreign exchange gains or losses on a monetary item that is measured at fair value through other comprehensive income (FVOCI), the item is treated as an item measured at amortised cost in the foreign currency. Exchange differences on the amortised cost are recognised in the income statement and other changes in the carrying amount are recognised in other comprehensive income (OCI).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured. The resulting exchange gains or losses are recognised in the income statement as foreign currency translation differences, except for those non-monetary items whose fair value change is recognised in OCI.

Foreign currency translation

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

Ageas recognises exchange differences on foreign entities in OCI. On disposal of a foreign entity, previously recognised exchange differences are recycled and are reclassified from OCI to 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 of a net investment in a foreign operation, are recognised in OCI, 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. Ageas recognises all resulting exchange differences in OCI until disposal of the foreign entity. At that moment, the previously recognised exchange differences are recycled and are reclassified from OCI to the income statement.

Hyperinflationary economies

In each reporting period, Ageas assesses whether an economy shall be considered as being hyperinflationary, applying the criteria in IAS 29 'Financial reporting in hyperinflationary economies'.

The Türkiye economy is considered to be hyperinflationary since May 2022. IAS 29 requires that the results of the Türkiye associates are reported as if these were highly inflationary as of 1 January 2022.

On 30 June 2023, the three-year cumulative inflation in Türkiye exceeds 100% (190%), based on the consumer price index as published by the Turkish Statistical Institute. Consequently, Ageas applies in these interim financial statements the requirements in IAS 29 and in IAS 21 to the financial statements of its associates 'Aksigorta' and 'AgeSA'.

Under IAS 29, to calculate its share in the net assets and results of these associates, Ageas adjusts non-monetary assets and liabilities stated at historical cost, equity and items in the income statement for changes in purchasing power, using the consumer price index. In a second step, the re-measured financial statements are translated into euro at the closing exchange rate.

In accordance with IAS 21, corresponding figures for the previous reporting period in these interim financial statements are those that were presented as current year amounts in the relevant 2022 financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

Exchange rates

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

	Rates at end of period		Average rates	
1 euro =	30 June 2023	31 December 2022	First half year 2023	First half year 2022
Pound sterling	0.86	0.89	0.88	0.84
US dollar	1.09	1.07	1.08	1.09
Hong Kong dollar	8.52	8.32	8.47	8.55
Turkish lira	28.32	19.96	21.59	16.27
Chinese yuan renminbi	7.90	7.36	7.49	7.08
Indian rupee	89.21	88.17	88.86	83.31
Malaysian ringgit	5.07	4.70	4.82	4.67
Philippine peso	60.08	59.32	59.71	56.99
Thai baht	38.48	36.84	36.96	36.85
Vietnamese dong	25,615	25,182	25,445	25,056

8
Financial assets and financial liabilities

A Definition of a financial instrument

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 recognises and measures financial instruments applying the requirements in IFRS 9 'Financial instruments' and in IFRS 13 'Fair value measurement'.

B. Initial recognition and measurement of financial instruments

B.1 Initial recognition of financial instruments

On initial recognition of a financial instrument, Ageas classifies the financial instrument as cash and cash equivalent, debt instrument, equity instrument, financial liability or derivative. Such classification is performed in accordance with the substance of the contractual arrangement – rather than the legal form of the financial instrument – and the definitions on financial liability and equity instrument in IAS 32 'Financial instruments – presentation'. Judgement may be required in determining the appropriate classification.

Ageas initially recognises financial assets and financial liabilities in its statement of financial position when Ageas becomes party to the contractual provisions of the financial instrument.

For purchases or sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned ('regular-way purchase'), Ageas becomes or ceases to be party to the contractual provisions of the financial asset at the trade date. The trade date is the date on which Ageas commits to purchase or sell the financial asset.

Forward purchases or sales of financial assets, other than those requiring delivery within the time frame established by regulation or convention in the marketplace concerned, are recognised as derivative transactions until settlement.

B.2 Initial measurement of financial instruments

On initial recognition, financial assets and financial liabilities are recognised at their fair value. The fair value on initial recognition generally corresponds to the transaction price. If the fair value differs from the transaction price on initial recognition, Ageas recognises the difference as follows:

- The difference is recognised as a gain or loss when the fair value of the financial instrument is evidenced by a quoted price in an active market for an identical financial instrument (i.e. a Level 1 input), or when the fair value is based on a valuation technique that uses only observable market data (i.e. a Level 2 input).
- In all other cases, the difference is deferred. After initial recognition of the financial instrument, the deferred difference is recognised as a gain or loss only to the extent that it arises from a change in a factor that market participants would consider when pricing the financial instrument. Consequently, it is either amortised over the expected life of the instrument, deferred until the fair value of the instrument can be determined using observable market inputs, or realised at the time of (early) settlement of the underlying instrument.

Transaction costs refer to the incremental costs that are directly attributable to the acquisition, issuance, or disposal of a financial instrument. Transaction costs include, amongst others, fees and commissions paid to agents, advisors, brokers and dealers, levies imposed by regulatory agencies and securities exchanges, transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or custody costs.

Transaction costs are accounted for as follows:

- For financial instruments that are recognised at fair value through profit or loss (FVTPL), transaction costs are immediately expensed in the income statement; and
- For financial instruments that are not recognised at FVTPL, transaction costs are added to or deducted from the amount initially recognised.

For loans that are not recognised at FVTPL, loan origination fees earned in securing a loan are deferred and are amortised over the life of the instrument, as an adjustment of the yield.

For debt instruments that are measured at amortised cost (AC) or at fair value through other comprehensive income (FVOCI), Ageas recognises a loss allowance for expected credit losses (ECL) as from the first reporting date after initial recognition of the financial asset (see section 8.G below).

C. Classification and subsequent measurement of financial assets

C.1 Classification and subsequent measurement of debt instruments

A debt instrument is a financial instrument that meets the definition of a financial liability from the issuer's perspective. Examples are loans, government bonds, corporate bonds and funds that are puttable and/or with a predetermined life that do not meet the definition of an equity instrument according to IAS 32 'Financial instruments – presentation'. In the statement of financial position of Ageas, funds that do not meet the definition of an equity instrument are referred to as '(Un)quoted investment funds & other'.

Ageas does not recognise in its statement of financial position loan commitments, that allow for a drawdown of a loan within the timeframe generally established by regulation or convention in the marketplace.

Classification of debt instruments

On initial recognition, debt instruments are classified into one of the following measurement categories, based on the business model in which they are managed and on their contractual cash flow characteristics:

- Amortised cost (AC). This measurement category applies to debt instruments that are managed in a 'hold to collect' business model, for which the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, and that are not irrevocably designated at FVTPL on initial recognition.
- Fair value through other comprehensive income (FVOCI). This measurement category applies to debt instruments that are managed in a 'hold to collect and sell' business model, for which the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, and that are not irrevocably designated at FVTPL on initial recognition.
- Fair value through profit or loss (FVTPL). This measurement category applies to debt instruments that are managed in the 'other' business model, or for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, or that are irrevocably designated to this measurement category on initial recognition because the management of Ageas assesses that their measurement at FVTPL eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise. For example, debt instruments that are designated at FVTPL because they relate to (insurance) contract liabilities that are measured at FVTPL. Those debt instruments are managed and their performance is evaluated and reported on a fair value basis.

Business model for managing debt instruments

The business model reflects how Ageas manages groups of debt instruments together to generate cash flows.

Ageas manages groups of debt instruments under the following business models:

- 'Hold to collect' business model. Ageas uses this business model when it has the objective to manage the debt instrument – or portfolio of debt instruments – to collect the contractual cash flows over the life of the instrument(s). Sales may occur before the maturity date of the debt instrument(s) if the sales are infrequent (even if significant in value), insignificant in value (even if frequent), due to credit risk management activities, imposed by regulatory requirements or if the debt instrument does not longer meet the investment policy of Ageas.
- 'Hold to collect and sell' business model. Ageas uses this business model when it has the objective to manage the debt instrument – or portfolio of debt instruments – to collect both the contractual cash flows and the cash flows arising from selling the instrument(s). Compared to the 'hold to collect' business model, selling instruments is integral to the objective of the 'hold to collect and sell' business model.
- 'Other' business model. Ageas uses this business model for debt instruments that are not managed in one of both business models above. This business model typically includes active selling and buying of debt instruments based on the fair value of the underlying instrument(s).

Ageas determines the applicable business model at a level that reflects how groups of financial assets are managed together to achieve the objective of the business model and for which information about those assets is reported to the management of Ageas. The applicable business models are determined based on an overall assessment including, amongst others, the following:

- All relevant information that is available at the assessment date, for scenarios that are reasonably expected to occur;
- The policies and objectives for managing the group of financial assets and how those are applied in practice;
- Past experience regarding the collection of the (contractual) cash flows, including the frequency, volume and timing of sales, the reasons for such sales and expectations about future sales;
- The way how the performance of the financial assets is evaluated and reported to the management of Ageas;
- The way in which the risks that affect the performance of the business model (and the financial assets in that business model) are managed.

Ageas mainly applies the 'hold to collect and sell' business model. It manages most of the loans, loan funds, government bonds and corporate bonds in its asset portfolio with the objective to match the duration of the financial instruments to the duration of the (insurance) contract liabilities they cover. The 'hold to collect' business model mainly applies to untransferable loans, for which Ageas collects their contractual cash flows. The 'other' business model applies to only a very small part of the debt instruments in the asset portfolio of Ageas.

If subsequently to the initial assessment of the business model, the (contractual) cash flows are realised in a way that is different from Ageas' initial expectations, the classification of the remaining debt instruments managed in that business model is not changed. However, the updated information is used in assessing the applicable business model(s) of newly originated and newly purchased debt instruments.

Changes in an existing business model may occur very exceptionally, as a result of an acquisition, disposal or termination of an activity or business line that is significant for the operations of Ageas and that is demonstrable to external parties. If applicable, a change in business model results in a reclassification of the underlying debt instrument(s) and is accounted for prospectively as from the reclassification date.

Contractual cash flow characteristics of debt instruments

For debt instruments that are managed in the 'hold to collect' business model or the 'hold to collect and sell' business model, Ageas assesses whether the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is also referred to as the solely payments of principal and interest test (SPPI-test).

For the purpose of the SPPI-test, 'principal' is defined as the fair value of the debt instrument on initial recognition. The principal may change over the life of the instrument, for example when there are repayments of principal or due to amortisation of a premium or discount. 'Interest' is defined as a consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time and may include a consideration for other basic lending risks and costs such as liquidity risk and administrative costs, as well as a profit margin that is consistent with a basic lending arrangement. Under extreme economic circumstances, interest may be negative.

Ageas performs the SPPI-test considering the contractual terms of the debt instrument, including contractual terms that could change the timing or amount of contractual cash flows. All relevant factors are considered, including, amongst others, the following:

- The currency in which the debt instrument is denominated;
- The period for which the interest rate is set;
- Features that modify the consideration for the time value of money, such as a periodical reset of interest rates;
- Leverage features, which increase the variability of the contractual cash flows;
- Contingent events, prepayment options or extension options, that could change the timing or amount of the contractual cash flows, including potential compensation for early termination or extension;
- Terms that limit Ageas' claim to cash flows from specified assets (e.g. non-recourse loans).

Financial assets including embedded derivatives are considered in their entirety when performing the SPPI-test.

Most of the debt instruments managed by Ageas pass the SPPI-test. Investment funds, that are classified as '(Un)quoted investment funds & other' in the statement of financial position of Ageas, are a typical example of debt instruments for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, except for some SPPI compliant loan funds. Ageas also manages some loans that do not pass the SPPI-test due to their interest characteristics.

Subsequent measurement of debt instruments

The measurement of debt instruments after their initial recognition depends on the applicable measurement category:

- Debt instruments that are classified as measured at AC are subsequently measured at AC, representing the amount at which the debt instrument is measured on initial recognition minus repayments of principal, plus or minus the cumulative amortisation of any premium or discount using the effective interest rate method. The carrying amount of debt instruments measured at AC is adjusted for any loss allowance for ECL.
- Debt instruments that are classified as measured at FVOCI are subsequently measured at fair value. Fair value changes are recognised in other comprehensive income (OCI) under the line item 'Net change in fair value of financial investments measured at FVOCI'.
- Debt instruments that are classified as measured at FVTPL are subsequently measured at fair value. Fair value changes are recognised in the income statement under the line item 'Net gain on derecognition and changes in fair value'.

Interest income on debt instruments is recognised on an accrual basis in the income statement, using the effective interest rate method.

C.2 Classification and subsequent measurement of cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Examples of cash equivalents are money market funds and money market paper.

Because cash and cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, those financial assets have a maturity of three months or less from their date of acquisition.

After initial recognition, cash and cash equivalents are measured at AC. As an exception, Ageas measures the majority of its money market funds at FVTPL because their contractual cash flows are not SPPI compliant.

C.3 Classification and subsequent measurement of equity instruments

An equity instrument is a financial instrument that evidences a residual interest in the issuer's net assets. Ordinary shares are an example of equity instruments.

Investments in open-end or closed-end funds and real estate certificates are generally puttable instruments and/or instruments with a pre-determined life that do not meet the definition of equity instruments according to IAS 32 'Financial instruments – presentation'.

After initial recognition, all equity instruments are measured at fair value, also those that are not quoted. Changes in fair value are recognised in OCI or in the income statement, depending on their irrevocable classification on initial recognition in one of the following measurement categories:

- Fair value through other comprehensive income (FVOCI): fair value changes on those equity instruments are recognised in OCI under the line item 'Net change in fair value of equity investments designated at FVOCI'; or
- Fair value through profit or loss (FVTPL): fair value changes on those equity instruments are recognised in the income statement under the line item 'Net gain on derecognition and changes in fair value'.

Ageas determines on an instrument-by-instrument and purchase line basis for which equity instruments it is more appropriate to apply the FVOCI measurement category. Ageas does not apply the FVOCI measurement category for equity instruments that are held for trading or that represent a contingent consideration recognised by an acquirer in a business combination.

Dividends on equity instruments are recognised in the income statement.

D. Classification and subsequent measurement of financial liabilities

D.1 Classification of financial liabilities

A financial instrument is classified as a financial liability if Ageas has a contractual obligation to:

- Deliver cash or another financial asset to the holder of the instrument or to exchange another financial instrument with the holder under conditions that are potentially unfavourable to Ageas; or
- Settle the financial instrument in a variable number of its own shares.

Examples of financial liabilities are debt certificates, subordinated liabilities issued by Ageas, investment contracts that do not fall in the scope of IFRS 17 'Insurance contracts' and other borrowings.

After initial recognition, financial liabilities are classified and measured at AC, except if they are measured at FVTPL.

IFRS 9 requires that some financial liabilities, such as financial liabilities held for trading and derivative liabilities that have not been designated in a hedging relationship, are mandatorily measured at FVTPL. Financial liabilities that are not mandatorily measured at FVTPL can be irrevocably designated as measured at FVTPL on their initial recognition if:

- The financial liability is managed, its performance is evaluated, and it is reported internally on a fair value basis;
- Designation of the financial liability at FVTPL eliminates or significantly reduces measurement or recognition inconsistencies ('accounting mismatch'); or
- The financial liability contains one or more embedded derivatives that are not closely related to the host contract, but for which it is not possible to separate the non-closely related embedded derivative from the host contract, and IFRS 9 permits the entire hybrid contract to be designated at FVTPL.

Ageas designates some investment contracts without discretionary participation features (DPF) at FVTPL on their initial recognition. Those contracts are financial liabilities whose fair value is depending on the fair value of the underlying financial assets and the underlying assets are managed and their performance is evaluated on a fair value basis. Consequently, the changes in fair value of those investment contracts are fully offset by the changes in fair value of the underlying financial assets. When an investment contract without DPF has an embedded put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender.

D.2 Subsequent measurement of financial liabilities

The amortised cost of a financial liability is the amount at which the financial liability is measured on initial recognition minus repayments of principal, plus or minus the cumulative amortisation of any premium or discount recognised initially, using the effective interest rate method. The amortisation of any premium or discount recognised initially is recognised in the income statement as interest expense or interest income.

Ageas recognises fair value changes of financial liabilities that are measured at FVTPL in the income statement. For financial liabilities that are irrevocably designated at FVTPL, the changes in the liability's fair value that are related to changes in own credit risk are recognised in OCI, unless this creates more measurement inconsistency compared to presenting those changes in the income statement. Such measurement inconsistency may arise for investment contracts. The remaining amount of fair value change is presented in the income statement.

Interest expense on debt instruments is recognised on an accrual basis in the income statement, using the effective interest rate method.

E. Derecognition, modification and reclassification of financial instruments

E.1 Derecognition and modification of financial assets

Derecognition of financial assets

A financial asset, or a part of it, is derecognised from the statement of financial position when the contractual rights to receive cash flows from the financial asset expire or when Ageas transfers substantially all the risks and rewards of ownership of the financial asset to a third party.

On derecognition of a financial asset, the difference between the carrying amount of the derecognised asset (or the carrying amount allocated to the derecognised part of the asset) and the consideration received is recognised in the income statement. The consideration received includes the fair value of any new asset obtained less new liability assumed.

On derecognition of a financial asset, cumulative gains and losses which were previously recognised in OCI are reclassified as described in section 8.K.2 below.

Sale and repurchase agreements

Financial assets sold subject to a commitment to repurchase the same, or substantially similar, financial instruments at a fixed price at a future date ('repo' agreement) are not derecognised from the statement of financial position of Ageas because all risks and rewards of ownership remain with Ageas. Those financial assets remain valued applying the measurement category to which they belonged. The cash consideration received from such sales is recognised as a financial asset and a corresponding financial liability. The corresponding liability represents the obligation to pay the repurchase price and is valued at AC. This liability is recognised under the line item 'Borrowings'.

Financial assets purchased subject to a commitment to resell the same, or substantially similar, financial instruments at a fixed price at a future date ('reverse repo' agreement) are not recognised in the statement of financial position of Ageas but are recorded as off-balance sheet items. The right to receive cash from the counterparty is measured at AC and is recognised under the line item 'Loans'. The difference between the purchase and resell price is treated as interest income and is accrued over the life of the agreement using the effective interest rate method.

Securities lending

Financial assets lent to third parties are not derecognised from the statement of financial position of Ageas. Similarly, financial assets borrowed from third parties are not recognised in the statement of financial position of Ageas. Fees related to such lending and borrowing transactions are recognised in the income statement under the line item 'Net result from interest, dividend and other income non-related to unit-linked investments'.

If Ageas subsequently sells borrowed financial assets to third parties, Ageas recognises the proceeds from the sale together with the obligation to deliver the borrowed financial securities. The obligation to deliver the borrowed securities is measured at FVTPL.

Modification of financial assets

If the terms of a financial asset are modified, Ageas evaluates whether the contractual cash flows of the modified financial asset are substantially different:

- If the contractual cash flows are substantially different, then the contractual rights to receive the cash flows from the original financial asset are deemed to have expired. Ageas then derecognises the original financial asset, or a part of it, from its statement of financial position and recognises a new financial asset at fair value plus any eligible transaction costs. Any difference is recognised in the income statement.
- If the contractual cash flows are not substantially different, then the original financial asset is not derecognised from the statement of financial position. The gross carrying amount of the financial asset is recalculated by discounting the modified contractual cash flows using the original effective interest rate. The resulting adjustment in carrying amount is recognised in the income statement as a modification gain or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

E.2 Derecognition and modification of financial liabilities

A financial liability, or a part of it, is derecognised from the statement of financial position when its contractual obligations are discharged or cancelled or expire (i.e. the liability is extinguished).

On derecognition of a financial liability, the difference between the carrying amount of the derecognised liability (or the carrying amount allocated to the derecognised part of the liability) and the consideration paid is recognised in the income statement. The consideration paid includes the fair value of any non-cash asset transferred or liability assumed.

On derecognition of a financial liability that has been irrevocably designated at FVTPL on initial recognition, any cumulative changes in the liability's credit risk, which were previously recognised in OCI, are transferred from OCI to retained earnings. Those are never reclassified to the income statement.

An exchange between Ageas and the existing lenders of debt instruments with substantially different terms, as well as a substantial modification of the contractual terms of an existing financial liability (or a part of it), is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms of a financial liability are substantially different from the original terms if the present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability. In determining those fees paid net of fees received, Ageas includes only fees paid or received between Ageas and the lender, including fees paid or received by either Ageas or the lender on the other's behalf.

In addition, other qualitative factors, such as a change in currency, changes in the type of interest rate, new conversion features or changes in covenants, may be considered in assessing whether the terms of a financial liability are substantially different from the original terms.

If the exchange of debt instruments or modification of contractual terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange of debt instruments or modification of contractual terms is not accounted for as an extinguishment, the amortised cost of the financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate. The resulting adjustment is recognised in the income statement as a modification gain or loss. Any costs or fees incurred adjust the carrying amount of the modified liability and are amortised over the remaining term of the modified liability.

E.3 Reclassification of financial instruments

Debt instruments, equity instruments and financial liabilities are not reclassified subsequently to their initial recognition, except in the exceptional case of a change in business model.

F. Offsetting of financial assets and financial liabilities

Ageas offsets a financial asset and a financial liability, resulting in only their net amount being presented in its statement of financial position, if and only if:

- Ageas currently has a legally enforceable right to set off the recognised amounts; and
- Ageas intends to either settle the financial asset and financial liability on a net basis or intends to realise the financial asset and settle the financial liability simultaneously.

Sale and repurchase agreements and derivatives that meet the two criteria above are offset in the statement of financial position of Ageas.

G. Loss allowance for expected credit losses

Ageas recognises a loss allowance for expected credit losses (ECL) on following financial assets that are not measured at FVTPL:

- Debt instruments (measured at AC or at FVOCI);
- Lease receivables;
- Trade receivables;
- Broker receivables (if the broker is acting on behalf of Ageas);
- Contract assets;
- Loan commitments; and
- Financial guarantee contracts.

No loss allowance for ECL is recognised on equity instruments and derivatives.

Ageas recognises and measures a loss allowance for ECL as from the first reporting date after initial recognition of a financial asset.

G.1 Determination of the loss allowance for ECL

The loss allowance for ECL is determined at an amount equal to lifetime ECL if the credit risk on an asset has increased significantly since initial recognition (see 'Stage 2' and 'Stage 3' below). Otherwise, the loss allowance for ECL is determined at an amount equal to 12-month ECL (see 'Stage 1' below).

A loss allowance for ECL determined at an amount equal to lifetime ECL represents a probability-weighted estimation of all cash shortfalls (i.e. the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive), that result from all possible default events over the expected life of the financial asset, discounted using the initial effective interest rate of the financial asset.

A loss allowance for ECL determined at an amount equal to 12-month ECL represents the portion of the lifetime ECL that result from default events on the financial asset that are possible within twelve months after the reporting date.

The loss allowance for ECL is determined using a three-stage model.

Stage 1 – No significant increase in credit risk since initial recognition

A financial asset that is not credit impaired on initial recognition or on origination is classified in 'Stage 1'. The asset remains in 'Stage 1' as long as the credit risk on the asset has not increased significantly since initial recognition (see 'Stage 2' below).

For financial assets classified in 'Stage 1' and that are determined to have a low credit risk at the reporting date, or that have no low credit risk at the reporting date, but for which the credit risk rating grade has not yet decreased by three or more credit risk rating steps ('notches') since initial recognition of the financial asset, the loss allowance for ECL is determined at an amount equal to 12-month ECL.

Ageas considers that financial assets have a low credit risk at the reporting date if their contractual payments are less or equal than 30 days past due (see 'Significant increase in credit risk since initial recognition' below). Additionally, a debt instrument is considered to have a low credit risk at the reporting date when its external or internal credit risk rating at that date qualifies for the common definition of 'investment grade' (i.e. having a credit risk rating of at least Baa3 or BBB-).

Stage 2 – Significant increase in credit risk since initial recognition

A financial asset is classified in 'Stage 2' at the reporting date if the credit risk on the asset has increased significantly since initial recognition, but the asset is not credit-impaired at that date (see 'Stage 3' below).

To assess whether the credit risk on a financial asset has increased significantly since initial recognition, the risk of default occurring on the financial asset as at the reporting date is compared with the risk of default occurring on the same financial asset as at the date of initial recognition. This assessment is performed using reasonably available and supportable past due and forward-looking information, that considers the characteristics of the financial asset (or group of financial assets).

For financial assets classified in 'Stage 2', the loss allowance for ECL is determined at an amount equal to lifetime ECL.

Ageas applies quantitative thresholds based on forward-looking information and a (rebuttable) presumption to assess whether, at the reporting date, the credit risk of an asset has increased significantly since its initial recognition.

For debt instruments with an external or internal credit risk rating, the credit risk is deemed to have increased significantly since initial recognition if both of the following thresholds are met:

- At the reporting date, the debt instrument has a credit risk rating of below 'investment grade' (i.e. having a credit risk rating of Ba1 or BB+ or below); and
- The credit risk rating of the debt instrument at the reporting date has decreased by three or more 'notches' since initial recognition date of the debt instrument.

The credit risk ratings used are based on a variety of data that are considered to be predictive of the probability of credit default in future cash flow cycles during the remaining lifetime of the financial assets.

The decision to apply the 'investment grade' threshold should be linked to the practical expedient for financial assets with a low credit risk at the reporting date (see 'Stage 1' above). Financial assets that have a credit risk rating of 'investment grade' are generally considered to have following characteristics:

- They have a strong capacity to meet their contractual cash flows in the near term;
- They have a low risk of incurring losses; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability to meet their contractual cash flows.

The decision to consider a decrease of the credit risk rating by three 'notches' or more as significant finds its rationale in the width of credit rating grades as defined by the credit rating agencies (e.g. Fitch, Moody's, S&P) and aligns to the definition of credit quality steps (CQS) used under Solvency II.

The (Asian) associates of Ageas apply comparable thresholds, considering the characteristics of the financial assets in their asset portfolio and the historic default patterns for comparable financial assets.

For debt instruments without credit risk rating (external or internal), the credit risk is deemed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due.

The assessment whether the credit risk on a financial instrument has increased significantly since initial recognition is performed at each reporting date and at purchase-line level. If Ageas is not able to identify significant changes in credit risk for individual financial assets before the financial asset becomes past due, the assessment is performed on a collective basis.

Regardless of the thresholds above, Ageas considers that the credit risk on a financial asset has increased significantly since initial recognition if the contractual payments are more than 30 days past due. This criterion is considered to be a back stop criterion. Although the 30 days past due threshold is considered to be the latest point at which a loss allowance for ECL determined at an amount equal to lifetime ECL should be recognised, the local Credit Risk Committee (or equivalent) can rebut this back stop criterion if it has reasonable and supportable information that demonstrates that, even if the contractual payments become more than 30 days past due, this does not represent a significant increase in the credit risk of the financial asset. In the other way around, the local Credit Risk Committee may decide, based on reasonably and supportable available information, that the credit risk has increased significantly since initial recognition, even if the contractual payments are not more than 30 days past due.

Stage 3 – Credit-impaired

A financial asset is considered to be credit-impaired (or in default) when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. Numerous factors are considered in the assessment whether a financial asset is or has become credit-impaired, including amongst others following criteria:

- Regular payment problems by the issuer or borrower;
- Breach of covenants or other important commitments by the issuer or borrower;
- Significant financial difficulty of the issuer or borrower;
- Significant probability that the issuer or borrower will enter into bankruptcy or another kind of financial reorganisation;
- Request by the issuer or borrower for consolidation or re-negotiation of debt;
- Negative equity of the issuer;
- Other creditors are initiating legal actions towards the issuer or borrower.

In addition to the qualitative criteria above, Ageas determines that a financial asset is or has become credit-impaired if the contractual payments are more than 90 days past due. The 90 days past due criterium can be rebutted by the local Credit Risk Committee (or equivalent) if this Committee has reasonable and supportable information to do so.

The qualitative and quantitative criteria above are aligned with those used by Ageas for internal credit risk management purposes.

The local Credit Risk Committee (or equivalent) is competent to determine whether a financial asset is credit-impaired at the reporting date.

A financial asset that is credit-impaired is classified in ‘Stage 3’. For financial assets classified in ‘Stage 3’, the loss allowance for ECL is determined at an amount equal to lifetime ECL.

Simplified approach

For operating lease receivables, trade and broker receivables and contract assets, Ageas applies the simplified approach. Under the simplified approach, the loss allowance is always measured at an amount equal to lifetime ECL, based on moving forward average loss rates from previous periods, in forthcoming cases adjusted with reasonable and supportable forward-looking information. Ageas does not apply the simplified approach to finance lease receivables.

G.2 Measurement of the loss allowance for ECL

To measure the loss allowance for ECL, Ageas uses reasonable and supportable information that is available without undue cost or effort. The information used considers historical information, current conditions and forecasts of future economic conditions.

The loss allowance for ECL is measured as the discounted product of the ‘probability of default’, ‘exposure at default’ and ‘loss given default’, which are defined as follows:

- Probability of default (PD): is an estimate of the ‘point-in-time’ likelihood of the borrower defaulting on its financial obligation, either over the next twelve months after the reporting period, or over the remaining lifetime of the obligation.
- Exposure at default (EAD): is an estimate of the amounts that Ageas expects to be owed at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by the contract or otherwise, and accrued interest from missed payments. The EAD of a financial asset is its nominal outstanding amount plus accrued interest (including any inflation-linked amounts) at the time of default.
- Loss given default (LGD): is an estimate of the difference between the contractual cash flows and the expected cash flows, including cash flows from the realisation of any collateral or credit enhancement, i.e. the loss arising when a default occurs. It represents the current and expected position in the current credit life cycle. The LGD varies by type of counterparty, type and seniority of the claim and availability of collateral or other support. The LGD is estimated based on the history of recovery rates of claims against defaulted counterparties and is expressed as a percentage of the EAD.

For PD and LGD, each of the key input factors used to measure the loss allowance for ECL rely on a broad range of forward-looking macro-economic variables, which are estimated for different scenarios and which consider the industry and region of the counterparty. Those macro-economic variables are updated on a quarterly basis. The outcome of the model represents an unbiased and probability-weighted best estimate that is determined by evaluating a range of possible scenarios.

The maximum period considered in measuring the loss allowance for ECL is the maximum contractual period (including extension options) over which Ageas is exposed to credit risk.

The loss allowance for ECL is (re)measured at the end of each reporting period, based on the 'Stage' in which the financial asset is classified at that date. The applicable 'Stage' is determined at purchase line level and is symmetrical, i.e. it can evolve in both directions. For financial assets with an external or internal credit risk rating, Ageas records favourable transitions between 'Stages' without delay. For financial assets without an external or internal credit risk rating, a rebuttable probation period of three months is applied for each favourable transition between successive 'Stages' (i.e. a rebuttable probation period of six months is applied for a favourable transition from 'Stage 3' to 'Stage 1').

Use of forward-looking information

The main macro-economic variables that Ageas considers in estimating changes in credit risk and in estimating their impact on the loss allowance for ECL are the variation in:

- Gross domestic product (GDP) growth;
- Unemployment rate;
- Real income;
- Industrial production;
- Wholesale and retail sales;
- Different indices (including energy and non-energy indices); and
- Proportion of downgrades.

The estimates of macro-economic variables reflect the country and industry risk of the counterparty by considering whether the counterparty is a financial, corporate or sovereign and considering the main region of activity of the counterparty. The main regions of activity are as follows and may be further split-up if this significantly improves the estimates:

- Africa, with a potential further split between North- and Sub-Saharan Africa;
- America, with a potential further split between North-, Central- and South America;
- Asia, with a potential further split between Central-, East-, South and Southeast Asia;
- Australia and New-Zealand;
- Europe, with a potential further split between Eastern- and Western Europe;
- Middle East; and
- Pacific Islands.

The impact of each macro-economic variable on the key input factors PD and LGD is determined by performing a statistical analysis, to understand the impact that changes in these macro-economic variables historically had on default rates and on the LGD, considering the type of financial instrument, collateral type as well as borrower characteristics.

Ageas estimates the macro-economic variables under three scenarios (positive, neutral and negative scenario). Each scenario includes reliable estimates for the first five years. After the first five years, a mean reversion approach is used to project the macro-economic variables over the expected remaining lifetime of the financial assets, which means that the projections of the macro-economic variables tend to either a long run average rate (e.g. unemployment rate) or a long run average growth rate (e.g. growth of gross domestic product).

The neutral scenario represents the most likely path of the economy over the projection horizon. Therefore, Ageas generally gives the highest weight to the outcome of the neutral scenario. The management of Ageas may however decide to attribute a higher weight to the outcome of the positive or the negative scenario. The choice to do so is (re)assessed each quarter and is mainly based on forecasts of gross domestic product growth, and expected changes therein, as estimated and published by the World Bank. Although Ageas maximises the use of consensus information that is not produced in-house (including, amongst others, data from the World Bank and from the World Economic Outlook database of the International Monetary Fund (IMF)), economic forecasts remain subject to a high degree of uncertainty, implying that actual outcomes may differ significantly from such forecasts. However, Ageas considers that the forecasts used represent the best estimate of future macro-economic circumstances, considering reasonable and supportable information that is available without undue cost or effort at the assessment date.

The macro-economic variables used may not always capture all characteristics of the market at the reporting date. Therefore, the use of other forward-looking considerations not otherwise incorporated within the three scenarios, such as the impact of any regulatory, legislative or political changes, is also considered. Because currently they are not deemed to have a material impact, no adjustment has been made for such considerations. The impact of other forward-looking considerations is reviewed on a quarterly basis, together with the update of the macro-economic variables and the relative weights of the different scenarios.

Loss allowance for ECL for modified financial assets

When the contractual terms of a financial asset are renegotiated or modified, or an existing financial asset is derecognised and replaced by a new one, the 'Stage' in which the modified or new financial asset is classified at the reporting date is determined as follows:

- If the original financial asset is not derecognised, the assessment of whether there has been a significant increase in credit risk since initial recognition is performed by comparing the risk of default occurring at the reporting date (using the modified contractual terms) with the risk of default occurring on initial recognition (using the original, unmodified contractual terms).
- If the original financial asset, or a part of it, is derecognised and a new financial asset is recognised based on the modified contractual terms, the date of renegotiation of the contractual terms is the date of initial recognition for assessing subsequently whether there has been a significant increase in credit risk. The loss allowance for ECL is calculated based on the modified contractual terms.

Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired financial assets are assets that are credit-impaired on initial recognition (i.e. those assets meet the definition of default on initial recognition).

No loss allowance for ECL is recognised for financial assets that are credit-impaired on initial recognition, because a loss allowance for lifetime ECL is already included in the estimated cash flows when calculating the effective interest rate at that date. After initial recognition, any change in the loss allowance for lifetime ECL is recognised in the income statement. Favourable changes in the loss allowance for lifetime ECL are recognised as an impairment gain, even if the loss allowance for lifetime ECL is less than the amount of loss allowance for ECL that was included in the estimated cash flows on initial recognition. Such impairment gain is recognised as a direct adjustment to the gross carrying amount.

G.3 Presentation of the loss allowance for ECL

Ageas recognises a new loss allowance for ECL and changes in the existing loss allowance for ECL as compared to a previous reporting period, in the income statement under the line item 'Net impairment loss on financial assets'.

In the statement of financial position, Ageas presents the loss allowance for ECL as follows:

- Debt instruments, receivables and contract assets measured at AC: the loss allowance for ECL is presented as a deduction from the gross carrying amount.
- Debt instruments measured at FVOCI: the loss allowance for ECL does not reduce the gross carrying amount but is presented as an opposite component in OCI under the line item 'Net change in fair value of financial investments measured at FVOCI', together with the cumulative fair value changes since initial recognition.
- Loan commitments and financial guarantee contracts: as a provision, under the line item 'Provisions'.

Write-off

A write-off consists in the reduction of the gross carrying amount of a financial asset. Ageas recognises a write-off when it does not reasonably expect to recover the financial asset in its entirety or a portion thereof. A write-off constitutes a (partial) derecognition of the financial asset.

Financial assets that are written off can still be subject to debt collection activities for recovery of amounts due.

When a financial asset is written off, the cumulative amount of a previously recognised loss allowance for ECL is not reversed but is offset with the reduction of the gross carrying amount of the financial instrument written off. If the amount of write-off exceeds the cumulative amount of a previously recognised loss allowance for ECL, the difference is first considered as an additional loss allowance for ECL. Any subsequent recoveries after a write-off are directly recognised in the income statement under the line item 'Net impairment loss on financial assets'.

H. Derivatives and financial instruments used for hedging

H.1 Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

Examples of derivatives are swaps, forward and future contracts and options.

Ageas initially recognises a derivative in its statement of financial position on the date that the derivative contract is entered into.

Derivatives are measured at fair value, both on initial recognition and subsequently. Derivatives that are not designated in a hedging relationship (see below for derivatives held for hedging purposes) are deemed to be held-for-trading. Changes in their carrying 'clean' fair value (i.e. excluding any unrealised interest accruals) are recognised in the income statement.

Derivatives are carried as an asset when their fair value is positive and as a liability when their fair value is negative.

H.2 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host. An example of an embedded derivative is a conversion option in a convertible bond.

If the hybrid contract contains a host that is a financial asset, then the entire hybrid contract is classified and measured as a single financial instrument.

If the hybrid contract contains a host that is not a financial asset, then the embedded derivative is separated from the host and is accounted for as a separate derivative if following criteria are fulfilled:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host. In particular, an embedded derivative is closely related to a host insurance contract if both are so interdependent that the embedded derivative cannot be measured separately, i.e. without considering the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at FVTPL.

The host, that is not a financial asset, is accounted for applying the applicable requirements for the relevant category of non-financial assets.

H.3 Financial instruments held for hedging purposes

For risk management purposes, Ageas formally designates certain derivatives and non-derivative financial instruments as hedging instruments in a qualifying hedging relationship. Those hedging relationships are accounted for applying the requirements in IFRS 9 'Financial instruments'.

The accounting for hedging relationships follows their designation. Following designations are possible:

- Fair value hedge;
- Cash flow hedge; or
- Hedge of a net investment in a foreign operation.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability, an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and that could affect the income statement. Under a fair value hedge relationship, the fair value gain or loss on the hedging instrument is recognised in the income statement, along with the corresponding change in fair value of the hedged item. If the hedged item is measured at cost or amortised cost, its carrying amount is adjusted for the gains or losses due to changes in the hedged risk.

Hedges of firm commitments are fair value hedges, except for hedges of the foreign currency risk of a firm commitment, which may be accounted for as a fair value hedge or a cash flow hedge.
If the hedged item in a fair value hedge is an equity instrument, for which Ageas has elected at its initial recognition to present changes in fair value in OCI, the hedged exposure must be one that could affect OCI. An example of such a fair value hedge is a forward sale of equity instruments for which Ageas has elected at their initial recognition to present the changes in fair value of the equity instruments in OCI. In such a fair value hedge relationship, fair value gains or losses on the hedging instrument, including any hedge ineffectiveness, are recognised in OCI under the line item 'Net change in fair value of equity instruments designated at FVOCI', together with the fair value changes on the equity instruments. At the maturity date of the forward sale transaction, the cumulative amounts that were previously recognised in OCI are not reclassified to the income statement, but directly from OCI to retained earnings.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with (a component of) a recognised asset or liability or a highly probable forecast transaction and that could affect the income statement. Ageas uses cash flow hedges for example to hedge interest rate risk on floating rate financial instruments and to hedge foreign exchange risk on highly probable forecast transactions. Under a cash flow hedge relationship, the portion of fair value gains or losses on the hedging instrument, that is determined to be an effective hedge, is recognised in OCI under the line item 'Net change in fair value of financial investments measured at FVOCI', along with the corresponding changes in fair value of the hedged item. Any ineffective portion of fair value gains or losses on the hedging instrument is directly recognised in the income statement. In designating a hedge relationship, Ageas tries to maximise hedge effectiveness.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the cumulative amounts previously recognised in OCI adjust the initial cost or other carrying amount of the recognised non-financial asset or non-financial liability. For all other cash flow hedges, the cumulative amounts previously recognised in OCI are reclassified from OCI to the income statement in the same period(s) during which the hedged expected future cash flows affect the income statement (i.e. the period(s) when the forecast transaction is ultimately recognised in the income statement) or at the moment it becomes clear that the forecasted transaction is no longer expected to occur.

A hedge of a net investment in a foreign operation is a hedge of the foreign currency exposure arising from Ageas' share in the net assets of a foreign operation with a different functional currency than the functional currency of Ageas. Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The portion of the fair value gains or losses on the hedging instrument, that is determined to be an effective hedge, is recognised in OCI under the line item 'Foreign currency translation differences'. Any ineffective portion of the fair value gains or losses on the hedging instrument is directly recognised in the income statement. On disposal or partial disposal of the foreign operation, the cumulative amounts previously recognised in OCI are fully or partially reclassified OCI to the income statement, as part of the gain or loss on (partial) disposal.

I. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction (i.e. not an involuntary liquidation or distress sale) between market participants in the principal market (or in its absence, the most advantageous market to which Ageas has access at that date) under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The fair value presented in the statement of financial position is the 'clean' fair value, which is the total fair value (or 'dirty' fair value) less accrued interest and transaction costs. Accrued interest is presented separately.

The fair value of a liability reflects its non-performance risk, which includes, but may not be limited to, the entity's own credit risk.

The fair value of a financial instrument is generally determined at the level of an individual financial asset or an individual financial liability. A portfolio-based measurement approach may be applied to financial assets and financial liabilities with offsetting positions in market risk or counterparty credit risk.

When available, the fair value of a financial instrument is determined using its quoted price in an active market for identical assets or liabilities. A market is considered as 'active' if quoted prices for the asset or liability are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices are based on a sufficient frequency and volume of market transactions on an arm's length basis.

Whenever available, the quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to determine the fair value of a financial instrument. Adjustments to the quoted price in an active market are made only if:
- Ageas holds a large number of similar (but not identical) assets or liabilities that are measured at fair value and a quoted price in an active market is available, but not readily accessible for each of those assets or liabilities individually;
- The quoted price in an active market does not represent the fair value at the measurement date (e.g. a binding agreement to sell shares at a price other than the market price); or
- The quoted price of a liability is adjusted for factors specific to the item.

Any adjustment to the quoted price in an active market results in a fair value measurement categorised within a lower level of the fair value hierarchy (i.e. Level 2 or Level 3 – see below).

In the notes to these interim financial statements, financial instruments that are measured at fair value are categorised into one of the following levels of the fair value hierarchy, depending on the inputs used to determine their fair value:
- Level 1: the fair value of a financial instrument is determined using the (unadjusted) quoted price in an active market for identical assets or liabilities.
- Level 2: the fair value of a financial instrument is determined based on a valuation technique, using inputs – other than quoted prices included in Level 1 – that are observable in the market for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices, such as interest or exchange rate).
- Level 3: the fair value of a financial instrument is determined based on a valuation technique, using inputs that are not (completely) based on observable market data.

A financial instrument is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire fair value measurement.

If applicable, transfers between levels of the fair value hierarchy are recognised as at the date of the change in circumstances that caused the transfer.

If a financial instrument measured at fair value has a bid price and an ask price, then the bid price is used to determine the fair value of an asset held or liability to be issued and the ask price is used to determine the fair value of an asset to be acquired or liability held. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

When the frequency and volume of market activity for a financial instrument significantly decrease, Ageas reviews the transactions or quoted prices and may decide to apply an alternative valuation technique or multiple valuation techniques (e.g. present value techniques) to determine the fair value. The financial instrument is then categorised within a lower level of the fair value hierarchy (Level 2 or Level 3).

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. Various sources provide quotations for many financial instruments that are regularly traded in the OTC market. Those sources include the financial press, various publications of financial reporting services and individual market makers.

If no quoted price in an active market is available, the fair value of a financial asset or financial liability is determined using a valuation technique. The chosen valuation technique has the following characteristics:

- It maximises the use of relevant observable market inputs and minimises the use of unobservable inputs (such as internal assumptions and estimates); and
- It incorporates all factors that market participants would consider in pricing a transaction at the measurement date under current market conditions.

When Ageas uses quantitative unobservable inputs in determining fair value, those are preferably not developed in house.

If there is a valuation technique that is commonly used by market participants to price a financial instrument, and that valuation technique has 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 involving identical or comparable assets or liabilities, discounted cash flow models (including option-pricing models) and current replacement cost.

Ageas applies valuation techniques in a consistent way. Changes in valuation techniques, or changes in their application, only occur if the change results in a measurement that is equally or more representative of fair value or if a change is necessary because of changes in market conditions or changes in availability of information.

Methods and assumptions used in determining fair value

The methods and assumptions used by Ageas in determining fair value largely depend on whether the financial instrument is traded on financial markets and on the information that is available to be incorporated in the valuation model.

Ageas uses the following methods and assumptions in determining the fair value of financial instruments:

- The fair value of financial instruments (including loans and asset-backed securities) that are measured or disclosed at fair value, is determined using quoted prices in active markets. If no quoted prices in active markets are available, the fair value is determined using discounted cash flow models. For variable rate loans that re-price frequently and that have no significant change in credit risk, fair values are determined using the carrying amount. Option pricing models are used for valuing caps and a prepayment option embedded in a loan. Discount factors are based on a swap yield curve plus a spread, reflecting the risk characteristics of the instruments. 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.
- The fair value of unquoted equity securities and investment funds is estimated using applicable market multiples (e.g. price/earnings or price/cash flow ratios), refined to reflect the specific characteristics of the issuer. Level 3 valuations for unquoted investment funds make use of the fair values disclosed in the audited financial statements of the concerned funds.
- The fair value of borrowings and issued subordinated loans is determined using discounted cash flow models, based on Ageas' current incremental lending rates for a similar type of borrowing.
- The fair value of derivatives is determined using quoted prices in active markets or using, as appropriate, discounted cash flow models and option pricing models. For derivatives traded on a recognised exchange, quoted market prices provide the most reliable fair value. For derivatives that are not traded on a recognised exchange, the fair value 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. A common valuation technique for an interest rate swap incorporates a comparison of the yield of the swap with the current swap yield curve, whereby 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.
- The fair value of off-balance sheet commitments and guarantees is determined based on fees currently charged to enter into similar agreements, considering the terms of the agreements and the counterparties' credit standings.

The fair value of financial instruments that are categorised into Level 3 of the fair value hierarchy is mainly sensitive to changes in the level of expected future cash flows.

The relevant notes to these interim financial statements provide further information on the application of these valuation methods and assumptions.

J. Net result from interest and dividend

J.1 Interest income and expense

Interest income and expense on all interest-bearing financial instruments is recognised in the income statement on an accrual basis, using the effective interest rate method.

Interest income includes coupons earned on fixed and floating rate income financial instruments and the amortisation or accretion of transaction costs, premium or discount.

The effective interest rate of a financial instrument is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset (i.e. its amortised cost before deducting any loss allowance for ECL) or to the amortised cost of the financial liability. The calculation of the effective interest rate is based on the actual purchase or issue price and includes directly attributable transaction costs, fees, other costs and any discount or premium on acquisition of the financial asset or issuance of the financial liability.

For a financial instrument that is not measured at FVTPL, examples of fees that are an integral part of the effective interest rate are:

- Origination fees received as a compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction.
- Origination fees received on issuing financial liabilities.

When the financial instrument is measured at FVTPL, the fees relating to the issuance of the financial instrument are recognised in the income statement when the instrument is initially recognised.

Interest income and expense is calculated by applying the effective interest method to the gross carrying amount of a financial asset or to the amortised cost of a financial liability, unless the financial asset is credit-impaired:

- Financial assets that have become credit-impaired subsequent to initial recognition: interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset (i.e. its gross carrying amount less any loss allowance for ECL). If the financial asset is no longer credit-impaired, the calculation basis reverts to the gross carrying amount.
- Financial assets that are purchased or originated credit-impaired: interest income is calculated by applying the credit-adjusted effective interest rate (i.e. including a loss allowance for lifetime ECL) to the amortised cost of the financial asset on initial recognition. The calculation basis for the interest income does not change when the credit risk of the financial asset improves in a subsequent reporting period, implying that it is no longer credit-impaired.

J.2 Dividend income

Ageas recognises dividends on equity instruments and investment funds in its income statement if and when:

- The dividend represents a remuneration on investment;
- The right to receive payment of the dividend is established;
- It is probable that the economic benefits associated with the dividend will flow to Ageas; and
- The amount of dividend can be measured reliably.

Dividends that represent a repayment of capital are accounted for as a reduction of the carrying amount of the investment.

K. Realised gains and losses on financial instruments

K.1 Financial instruments measured at AC

For financial instruments measured at AC, realised gains or losses on derecognition represent the difference between the proceeds received or paid and the gross carrying amount of the derecognised financial instrument, minus any 'Stage 3' loss allowance for ECL recognised. Realised gains or losses are recognised in the income statement under the line item 'Net gain on derecognition and changes in fair value'.

K.2 Financial instruments measured at FVOCI

On derecognition of a financial instrument measured at FVOCI, the realised gains or losses are accounted for as follows:

- For debt instruments, the cumulative fair value gains or losses previously recognised in OCI (including any adjustment for the impact of hedge accounting and any 'Stage 3' loss allowance for ECL recognised, but excluding any 'Stage 1' or 'Stage 2' loss allowance for ECL recognised) are reclassified from OCI to the income statement and are recognised under the line item 'Net gain on derecognition and changes in fair value'.

For equity instruments, the cumulative fair value gains or losses previously recognised in OCI (including any adjustment for the impact of hedge accounting) are transferred from OCI to retained earnings, but are never reclassified to the income statement. The amount reclassified as such is recognised in equity under the line item 'Net realised gains/(losses) on equity investments designated at FVOCI and on hedging instruments reclassified to retained earnings'.

9
Property, investment property and equipment

A. Classification and measurement of property held for own use and equipment

Property classified as held for own use and equipment mainly include:
- Office buildings that Ageas occupies;
- Buildings used to operate a business (such as car parks); and
- Other property and equipment.

Ageas measures equipment at cost. On initial recognition, cost is the amount of cash or cash equivalents paid or the fair value of any other consideration given to acquire an asset at the time of its acquisition or construction.

Ageas measures property held for own use at cost (including transaction costs), except for owner-occupied property that is held as underlying item of a group of insurance contracts with direct participation features, which is initially measured at cost and subsequently at fair value, with changes in fair value recognised in the income statement.

After initial recognition, property and equipment that is measured at cost is measured at the amount at the end of the previous reporting period, less accumulated depreciation and any accumulated impairment losses.

Ageas depreciates components of property and equipment using the straight-line method, reducing the cost to their residual values over their estimated useful lives. Both the residual values and the useful lives are reviewed at the end of each reporting year.

The useful life of IT, office and other equipment is determined individually for each type of asset. The useful life of buildings is determined separately for each of the following significant parts (component approach): structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

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

- Land has an unlimited useful life and is therefore not depreciated.
- Generally, 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 buildings or fixed assets beyond their original use are capitalised and subsequently depreciated.

B. Classification and measurement of investment property

Investment property is property that Ageas holds to earn rental income or for capital appreciation or both.

Ageas may use certain investment property 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 held for own use. 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.

Ageas measures investment property at cost (including transaction costs). As an exception to the above, investment property backing insurance contract liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property, is measured initially at cost and subsequently at fair value, with changes in fair value recognised in the income statement.

After initial recognition, investment property that is measured at cost is measured at the amount at the end of the previous reporting period, less accumulated depreciation and any accumulated impairment losses.

Ageas depreciates investment property using the straight-line method. Both the residual values and the useful lives of investment property are reviewed at the end of each reporting year. The useful life of investment property is determined separately for each significant part (component approach), using the same components and same maximal useful life of components as applied for property held for own use.

Ageas leases 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, generally 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 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 by reference to the stage of completion of the contract activity at the reporting date. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised immediately in the income statement.

C. Impairment of property, investment property and equipment

Property held for own use, investment property and equipment are impaired when their carrying amount exceeds their recoverable amount.

The recoverable amount is determined as the higher of the asset's 'fair value less costs to sell' and its 'value in use', whereby:
- '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; and
- '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 an 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, and only if, any such indication exists, Ageas reduces the carrying amount of the impaired asset to its estimated recoverable amount, with the reduction in carrying amount being recognised in the income statement.
After the recognition of an impairment, Ageas adjusts the depreciation for future reporting periods based on the revised carrying amount, the asset's residual value and its remaining useful life.

If, in a subsequent reporting period, the amount of an impairment of an asset decreases due to an event occurring after the recognition of that impairment, the previously recognised impairment loss is reversed in the income statement. The carrying amount after reversal of a previously recognised impairment cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior reporting periods.

D. Borrowing costs

Ageas capitalises borrowing costs that are directly attributable to the acquisition or construction of an asset while that 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.

Borrowing costs to finance the construction of property and equipment are treated in the same way as borrowing costs on investment property.

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.

10
Leases

A. Ageas as a lessor

Ageas acts as a lessor under non-cancellable lease contracts for investment property and certain properties held for own use. The lease contracts may contain renewal options.

As lessor, Ageas makes the distinction whether the asset is leased under a finance lease transaction or under an operating lease transaction. Under a finance lease transaction, substantially all the risks and rewards related to ownership of the leased asset, other than the legal title, are transferred to the lessee.

Ageas presents assets leased under a finance lease 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 unguaranteed residual value. The difference between the gross investment and the net investment in the lease 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 recognises assets leased under an operating lease transaction in its statement of financial position under the line items 'investment property' (buildings) and 'property, plant and equipment' (equipment). Those assets are recorded at cost less accumulated depreciation. 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 recognises rental income, 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.

B. Ageas as a lessee

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

Ageas applies a single measurement model to assets leased under both operating or finance lease transactions. At inception of the lease, Ageas recognises a right-of-use asset and a lease liability.

At inception of the lease, 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 applies its incremental borrowing rate. Ageas determines its incremental borrowing rate using 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.

In a subsequent reporting period, the carrying amount of the lease liability is increased to reflect the interest on the lease liability and is reduced to reflect the lease payments made. Furthermore, the lease liability is remeasured to reflect lease modifications or changes in the lease payments, including for a change in an index or a rate used to determine those payments.
The interest on the lease liability in a reporting period represents the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Ageas recognises interest on the lease liability in its income statement, together with the variable lease payments that are not included in the measurement of the lease liability. The variable lease payments are recognised in the period in which the event or condition that triggers those variable lease payments occurs.

At inception of the lease, Ageas measures the right-of-use asset at cost. This comprises the initially recognised lease liability, 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.

In a subsequent reporting period, 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, the right-of-use asset is impaired when its carrying amount exceeds it recoverable amount. Ageas recognises the depreciation of the right-of-use asset and the potential recognition of any impairment loss on the right-of-use asset in its income statement.

If Ageas remeasures a lease liability to reflect lease modifications or changes in the lease payments, the right-of-use asset is adjusted for this remeasurement.

Ageas does not apply the measurement model above to leases of assets that are of low value to Ageas or to short-term leases, of which the lease term at commencement of the lease is twelve 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

It its consolidated statement of cash flow, Ageas presents lease payments as part of the cash flows from investing activities. The largest part of the lease payments relates to real estate backing (insurance) contract liabilities.

11
Goodwill and other intangible assets

A. Goodwill

A.1 Goodwill from business combinations as from 1 January 2010

On initial recognition, Ageas measures goodwill at cost, being the excess of the fair value of the consideration transferred over:

- Ageas' 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, Ageas measures goodwill at cost less any accumulated impairment losses.

A.2 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.

A.3 Impairment of goodwill

Goodwill is an intangible asset with an indefinite life. Like all other intangible assets with indefinite lives, the carrying value of goodwill is assessed annually, or more frequently, if events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists, the recoverable amount is determined for the cash-generating unit to which the 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 amount of the other assets in the cash-generating unit (pro-rata, based on the carrying amount of each asset in the cash generating unit). Ageas does not reverse previously recognised impairment losses relating to goodwill.

B. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Ageas recognises an intangible asset if, and only if, it is probable that the intangible asset will create future economic benefits and if the cost of the intangible asset can be measured reliably.

Ageas measures an intangible asset at cost less any accumulated amortisation and any accumulated impairment losses.

The residual value and useful life of an intangible asset are reviewed at the end of each reporting period. Intangible assets with finite 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.

B.1 Internally generated intangible assets

Ageas capitalises only intangible assets arising from internal development. All other internally generated intangible assets are not capitalised and are expensed in the income statement of the reporting period in which the expenditure is incurred.

Ageas capitalises internally developed intangible assets if it 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.

B.2 Software

Software for computer hardware that cannot operate without that specific software, such as an 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, Ageas capitalises the costs incurred during the development phase, for which Ageas can demonstrate all of the above-mentioned criteria, as an intangible asset that is amortised over its estimated useful life using the straight-line method. In general, such software is amortised over a maximum of five years.

B.3 Other intangible assets with finite lives

Other intangible assets with finite lives, such as car park 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.

Ageas recognises car park concessions as intangible assets when it has the right to charge for the usage of the concession infrastructure. The intangible asset received is measured at fair value on 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, Ageas measures the car park concessions at cost less 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. Ageas applies the same impairment principles to car park concessions as those applicable to investment properties.

12
(Re)insurance and investment contracts

A. Classification of insurance, reinsurance and investment contracts

Contracts issued or purchased by Ageas in the normal course of business comprise:

- Insurance contracts issued. These are contracts under which Ageas accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event – the insured event – adversely affects the policyholder;
- Reinsurance contracts issued. These are insurance contracts under which Ageas compensates other entities for claims arising from one or more insurance contracts issued by those entities;
- Reinsurance contracts purchased (also referred to as ‘reinsurance contracts held’). These are insurance contracts under which Ageas transfers significant insurance risk related to underlying insurance contracts to a reinsurer, to mitigate its risk exposure; and
- Investment contracts issued (with or without discretionary participation features).

Some investment contracts issued by Ageas contain discretionary participation features (DPF). Such investment contracts provide the investor with the contractual right to receive, as a supplement to the amount not subject to Ageas’ discretion, potentially significant additional benefits that are based on the return of specified pools of underlying assets.

Ageas recognises and measures insurance contracts, reinsurance contracts and investment contracts with DPF applying the requirements in IFRS 17 ‘Insurance contracts’. Those contracts are referred to as ‘Life / Non-Life insurance contract assets / liabilities’ and ‘Reinsurance contract assets / liabilities’ in the statement of financial position of Ageas.

Investment contracts without DPF (such as most unit-linked contracts) and other contracts, that have the legal form of an insurance contract, but that do not transfer significant insurance risk, are classified as financial instruments and are referred to as ‘Investment contract liabilities’ in the statement of financial position of Ageas. These contracts are measured applying the requirements in IFRS 9 ‘Financial instruments’ (see section 8.D above).

All references in these accounting policies to ‘insurance contracts’ or ‘contracts’ equally apply to reinsurance contracts (both reinsurance contracts held and reinsurance contracts issued) and investment contracts with DPF, unless specifically stated otherwise. All references to insurance contracts issued also apply to contracts (other than reinsurance contracts held) acquired by Ageas in a business combination or in a transfer of contracts that do not form a business.

B. Insurance and reinsurance contract assets and liabilities

B.1 Unit of account (combination of contracts and separating components)

Usually, insurance contracts are designed in a way that reflect their substance and a contract with the legal form of a single contract usually reflects the substance of its contractual rights and obligations. However, the substance of (a) contract(s) sometimes differs from what is considered as a contract for other purposes (e.g. legal contract or management view). Therefore, before recognising and measuring insurance contracts, Ageas first assesses whether:

- A set or series of (legal) contracts must be combined and recognised together for accounting purposes; and/or
- Component(s) of the (legal) contract or of the combined (legal) contracts must be separated and accounted for separately.

Ageas may enter into a set or series of contracts with the same or a related counterparty and this set or series of contracts may achieve, or be designed to achieve, an overall commercial effect, thereby reflecting a single insurance contract in substance. In such case, the set or series of contracts is combined and treated as one insurance contract for accounting purposes. Ageas assesses on a contract-by-contract basis whether a set or series of (legal) contracts shall be combined.

An insurance contract may include one or more components that need to be separated from the host insurance contract and be accounted for applying another IFRS standard than IFRS 17. At contract inception, Ageas assesses on a contract-by-contract basis whether this might be the case. Examples of components that may require separation are:

- Not closely related embedded derivatives;
- Distinct investment components; and
- Promises to transfer distinct goods or services other than insurance contract services to a policyholder.

Embedded derivatives, such as interest rate options or options linked to an equity index, are separated from the host insurance contract when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host insurance contract and when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Investment components are defined as the amounts that an insurance contract requires Ageas to pay to a policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are separated from the host insurance contract when they are distinct, which is the case if both of the following conditions are met:

- The investment component and the insurance component are not highly interrelated. This is the case when the policyholder is able to benefit from one component irrespective of whether the other component is also present, e.g. because the lapse or maturity of one component in the contract does not cause the lapse or maturity of the other component, or because Ageas is able to price one component without considering the other component; and
- A contract with equivalent terms to those of the investment component is sold, or could be sold, separately in the same market or the same jurisdiction, either by Ageas or by other parties.

Separated embedded derivatives and distinct investment components are accounted for as if they were stand-alone financial instruments.

After separating any financial instrument components, Ageas separates from the host insurance contract any promise to transfer distinct goods or services, other than insurance contract services, to a policyholder (such as pension administration, risk management, assistance, asset management or custody services) and accounts for them as separate contracts with customers (i.e. not as insurance contracts), applying IFRS 15 ‘Revenue from contracts with customers’. A good or service is distinct if both of the following conditions are met:

- The cash flows and risks associated with the goods or services are not highly interrelated with those of the insurance components of the contract; and
- The policyholder can benefit from the goods or services on its own, or together with other resources that are readily available to the policyholder, e.g. because the goods or services are sold separately.

Hereafter, all references in this section 12 to embedded derivatives and to investment components refer to derivatives and investment components that have not been separated from the host insurance contract.

B.2 Transfer of significant insurance risk

For accounting purposes, a contract is classified and measured as an insurance contract if it transfers significant insurance risk from the holder to the issuer of the contract.

Ageas assesses on initial recognition of a contract whether significant insurance risk is transferred. No reassessment is performed subsequently, unless the terms of the contract are modified. In assessing whether significant insurance risk is transferred, Ageas considers the unit of account and all substantive rights and obligations arising from the contract, including those arising from law or regulation.

Insurance risk is deemed to be significant if, and only if, the insured event could cause the issuer of the contract (i.e. Ageas) to pay additional amounts that are significant in any scenario that has commercial substance. Ageas assesses this by comparing, on a present value basis, the benefits payable after the insured event occurred with the benefits payable if the insured event does not occur.

Reinsurance contracts are deemed to transfer significant insurance risk if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, irrespective of whether the reinsurer is exposed to the possibility of a significant loss.

In addition to significant insurance risk, insurance contracts may also expose Ageas to financial risk. Financial risk is the risk of a possible future change in one or more of the following variables: a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

B.3 Aggregation of insurance contracts

For presentation and measurement purposes, Ageas identifies portfolios and groups of insurance contracts.

A portfolio of insurance contracts includes contracts that are subject to similar risk and that are managed together. In assessing the 'similar risk' criterion, Ageas considers both the insurance risk and financial risk that is transferred from the policyholder to Ageas, but excludes risks that are created by the contracts such as lapse and expense risk. The 'managed together' criterion is assessed by considering how information is reported to the key management personnel of the associate or subsidiary of Ageas that issued the insurance contract (further referred to as 'issuing entity').

Portfolios of insurance contracts are identified at the level of the issuing entity. Examples of portfolios in the Non-Life business of Ageas are Accident, Health, Property, Motor… Upon initial recognition, insurance contracts are added to the applicable portfolio.

For measurement purposes, portfolios of insurance contracts are further divided into groups of insurance contracts. A group of insurance contracts is determined by first dividing the portfolio of insurance contracts into annual cohorts (e.g. by year of issue), to guarantee that each cohort does not include contracts that are issued more than one year apart.

Each annual cohort is then further divided into (a minimum of) three groups of insurance contracts, based on the expected profitability of the underlying contracts:
- A group of insurance contracts that are onerous on initial recognition, if any;
- A group of insurance contracts that on initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining insurance contracts, if any.

Issuing entities apply judgement to determine the group to which insurance contracts belong, using, amongst others, information used for pricing purposes, experiences on similar insurance contracts issued and estimates about the likelihood of changes in assumptions.

Insurance contracts that would fall into different groups only because law or regulation specifically constrains the practical ability of the issuing entity to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

Ageas assesses the aggregation of reinsurance contracts held separately from the aggregation of insurance and reinsurance contracts it issued. In aggregating reinsurance contracts held, the same principles are applied as above, except that the references to onerous contracts are replaced with a reference to contracts on which there is a net gain on initial recognition.

When an insurance contract is initially recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group of insurance contracts to which future contracts can be added. The composition of a group of insurance contracts is not revised once no more contracts will be added to the group.

B.4 Contract boundary

Ageas uses the concept of 'contract boundary' to determine which cash flows are included in the measurement of a group of insurance contracts.

The contract boundary is determined for each unit of account that transfers significant insurance risk from the holder to the issuer of the contract. The unit of account may include renewal options and/or riders. Riders represent additional benefits to the policyholder at additional premiums.

In determining the applicable contract boundary of groups of (re)insurance contracts, Ageas considers the contractual terms, law or regulation and customary business practices in the jurisdiction in which the insurance contract has been issued. Restrictions that have no commercial substance do not bind Ageas and are therefore not considered. Consequently, the contract boundary is determined at the level of the issuing entity.

The contract boundary of a group of insurance contracts includes all cash flows that arise from substantive rights and obligations that exist during the reporting period in which Ageas can compel the policyholder to pay premiums or in which Ageas has a substantive obligation to provide insurance contract services to the policyholder.

The substantive obligation to provide insurance contract services to the policyholder ends when:
- Ageas has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects the risks of that policyholder; or
- Ageas has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the particular contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio. The pricing of premiums up to the date when the risks are reassessed does not reflect the risks that relate to periods after the reassessment date.

In assessing its ability to reassess the risks, Ageas only considers insurance and/or financial risks that are transferred from the policyholder to Ageas.

For investment contracts with DPF, cash flows are included in the contract boundary if they result from a substantive obligation for Ageas to deliver cash at a present or future date.

Cash flows are within the contract boundary of a group of reinsurance contracts held if they arise from substantive rights and obligations that exist during the reporting period in which Ageas has the substantive obligation to pay amounts to the reinsurer and has a substantive right to receive services from the reinsurer. The substantive right to receive services from the reinsurer ends when:

- The reinsurer has the practical ability to reassess the risks that are transferred to the reinsurer and the reinsurer can set a price or level of benefits for the contract that fully reflects those reassessed risks; or
- The reinsurer has a substantive right to terminate the coverage.

Cash flows that are outside the contract boundary relate to future insurance contracts and are only recognised when those insurance contracts meet the recognition criteria.

B.5 Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows that arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Therefore, insurance acquisition cash flows are included in the carrying amount of the related portfolio of insurance contracts issued.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis, considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to:

- That group; and
- To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows that are not directly attributable to a group of contracts are allocated to groups of contracts in the portfolio or to groups of contracts that are expected to be in the portfolio.

The allocation of insurance acquisition cash flows related to expected renewals is based on how Ageas expects to recover those insurance acquisition cash flows in the future. Ageas revises the allocation of insurance acquisition cash flows at the end of each reporting period, to reflect any changes in assumptions that determine the inputs to the method of allocation used. Once no more contracts will be added to a group of insurance contracts, the amounts allocated to that group are not revised anymore.

If insurance acquisition cash flows arise before Ageas recognises the related insurance contracts in its statement of financial position, then Ageas recognises an asset reflecting those pre-recognition insurance acquisition cash flows. Such asset is recognised for each new group to which insurance acquisition cash flows will be allocated. The asset is derecognised in function of when the insurance acquisition cash flows are included in the measurement of the group of insurance contracts.

As an exception to the above, Ageas expenses pre-recognition insurance acquisition cash flows as incurred for insurance contracts that are measured applying the Premium Allocation Approach (PAA) and for which the coverage period of each contract in the group is one year or less at inception.

At the end of a reporting period, Ageas assesses the recoverability of the carrying amount of an asset for pre-recognition insurance acquisition cash flows. If facts and circumstances indicate that the asset may be impaired, Ageas reduces the carrying amount of the asset to the extent that the carrying amount of the asset does not exceed the expected net cash inflows of the other fulfilment cash flows of the related group on initial recognition and recognises an impairment loss in the income statement (as part of insurance service expenses) for the same amount. If the asset relates to a group of insurance contracts that includes expected future contract renewals, the asset for pre-recognition insurance acquisition cash flows should not exceed the expected net cash inflows of the other fulfilment cash flows of the group, including the expected renewals.

If the impairment conditions do no longer exist or have improved in a subsequent reporting period, Ageas increases the carrying amount of the recognised asset for pre-recognition insurance acquisition cash flows and reverses the previously recognised impairment loss in the income statement (as part of insurance service expenses), both to the extent of the improvement.

B.6 Other pre-recognition cash flows within the contract boundary

If Ageas pays or receives cash flows, other than insurance acquisition cash flows, before the related insurance contracts are recognised, Ageas recognises an asset or liability for cash flows related to those insurance contracts. Those cash flows relate to the group of insurance contracts in whose fulfilment cash flows they would have been included on initial recognition, if they had been paid or received after that date. Such pre-recognition cash flows are included in the carrying amount of the related portfolio of insurance contracts issued or the related portfolio of reinsurance contracts held.

B.7 Risk adjustment for non-financial risk

Ageas adjusts the present value of the estimates of future cash flows for all non-financial risks associated with fulfilling the insurance contract services under a group of insurance contracts. This adjustment is estimated separately from the other estimates related to the fulfilment of insurance contract services and is referred to as the risk adjustment for non-financial risk (further abbreviated to ‘risk adjustment’).

The risk adjustment reflects the compensation that the issuing entity requires for bearing the uncertainty about the amount and the timing of cash flows of groups of insurance contracts, that arise from non-financial risk. It covers insurance risk and other non-financial risks, such as lapse and expense risk. Non-financial risks that are not related to the fulfilment of the group of insurance contracts, such as general operational risk, are not covered by the risk adjustment.

Each issuing entity of Ageas estimates the risk adjustment at the level that reflects the entity's degree of risk aversion and the degree of diversification benefit it includes when determining the compensation that it requires for bearing that risk. Consequently, the risk adjustment reflects an amount that the issuing entity would rationally require to remove the uncertainty that future outgoing cash flows will exceed the expected value amount.

The subsidiaries and most associates and joint ventures of Ageas apply the confidence level technique to derive the estimate for the risk adjustment. For the subsidiaries, the target confidence level for the risk adjustment is set at the 75th percentile. The associates and joint ventures determine the applicable confidence level based on their own insights and on practices in the local market. Subject to appropriate management level approval, the risk adjustment should include an allowance to adequately reflect emerging risks and uncertainties. No group diversification effects are applied. The estimated risk adjustment is allocated to each underlying group of insurance contracts.

In its European entities, Ageas derives the risk adjustment from relevant 1/200 shocks in the Solvency II reporting framework. The impact of each shock (calculated at current rates) is scaled down to the 75th percentile, assuming a normal probability distribution. Scenarios are combined using the core correlation matrix derived from Ageas' risk management and the Solvency II reporting framework to finally obtain the risk adjustment. The relevant shocks derived from the Solvency II reporting framework are:

- For Life products (scenario based): mortality, longevity, expense, lapse up, lapse down;
- For Health-similar-to-Life products (scenario based): mortality, longevity, expense, lapse up, lapse down, disability, revision;
- For Health-non-similar-to-Life (NSTL) products (factor based): premium risk and reserve risk;
- For Non-Life products (property and casualty, excluding workmen's compensation), the risk adjustment is based on the full probability distribution of internal models.

The risk adjustment obtained at current rate is expressed as a percentage of future cash outflows. This allows to disaggregate the change in the risk adjustment between the insurance service result and insurance finance income or expenses (i.e. the accounting policy taken by Ageas for presenting changes in the risk adjustment in most of its portfolios).

Some Asian associates and joint ventures of Ageas derive the risk adjustment from the insurance risk minimum capital, as calculated for regulatory purposes, and applying local risk appetite.

For reinsurance contracts held, Ageas determines the risk adjustment so that it represents the amount of risk that is transferred by Ageas to the reinsurer. Consequently, it is measured as the difference between:

- The risk adjustment calculated on the gross future cash flows of the group(s) of underlying insurance contracts issued (excluding reinsurance); and
- The risk adjustment calculated on the net future cash flows of the group(s) of underlying insurance contracts issued (including reinsurance).

B.8 Recognition

Ageas recognises groups of insurance contracts (other than investment contracts with DPF and reinsurance contracts held) in its statement of financial position from the earliest of:

- The beginning of their coverage period, which is the beginning of the period during which Ageas provides insurance contract services in respect of any premiums within the boundary of the contracts;
- The date when the first payment from a policyholder in the group becomes due, or when there is no due date, when the first payment from the policyholder is received; and
- When facts and circumstances indicate that the group of insurance contracts becomes onerous.

Ageas recognises groups of investment contracts with DPF in its statement of financial position when Ageas becomes party to the contract.

Ageas recognises groups of reinsurance contracts held in its statement of financial position on following dates:

- Quota-share or other reinsurance contracts held that provide proportionate coverage are recognised at the later of the date that any underlying insurance contract is initially recognised and the beginning of the coverage period of the group of reinsurance contracts purchased.
- Other reinsurance contracts held, such as excess-of-loss and stop-loss reinsurance contracts, are recognised at the date that the coverage period of the group of reinsurance contracts purchased begins. However, if Ageas recognises an onerous group of underlying insurance contracts before the date that the coverage period of the group of reinsurance contracts purchased begins, and the related reinsurance contract was purchased before that earlier date, then the group of reinsurance contracts purchased is recognised on that earlier date.

Insurance contracts that have been acquired in a transfer of insurance contracts that do not form a business or in a business combination, are recognised on the date of the transfer or acquisition transaction.

C. Measurement

C.1 Measurement approaches used

Ageas measures groups of insurance contracts applying the following measurement approaches:

- The General Measurement Model (GMM), also referred to as Building Block Approach (BBA);
- The Premium Allocation Approach (PAA); and
- The Variable Fee Approach (VFA).

General Measurement Model (GMM) / Building Block Approach (BBA)

Ageas applies the GMM to measure the carrying amount of the liability for remaining coverage (LRC) or asset for remaining coverage (ARC) of groups of insurance and reinsurance contracts that are not measured applying the PAA or the VFA (see below). Examples of such groups of contracts are:

- Groups of insurance contracts in its Non-Life business that, on initial recognition, do not fulfil one of the eligibility criteria for applying the PAA;
- Almost all groups of insurance contracts in its Life business in Belgium and in Portugal;
- Groups of insurance contracts in its Life business in Asia that are not measured applying the VFA; and
- Groups of reinsurance contracts that are not measured applying the PAA.

Ageas also applies the GMM to measure the carrying amount of the liability for incurred claims (LIC), irrespective of the measurement approach used for the measurement of the carrying amount of the LRC.

Premium Allocation Approach (PAA)

The PAA is an optional measurement approach that may be applied to measure the carrying amount of the ARC or the LRC if one of the following criteria is met at inception of a group of contracts:

- The coverage period of each insurance contract in the group is one year or less; or
- For groups of insurance contracts with a coverage period of more than one year, for which, based on multiple scenarios that Ageas reasonably expects to occur in future reporting periods during the coverage period of the group of insurance contracts, Ageas reasonably expects that measuring the carrying amount of the LRC applying the PAA will not result in a materially different outcome than measuring the same carrying amount of the LRC applying the GMM or the VFA.

The second criterion is not met if, at inception of the group, Ageas expects significant variability in the fulfilment cash flows that would affect the measurement of the LRC during the period before a claim is incurred.

The eligibility criteria for applying the PAA are assessed on initial recognition of a group of insurance contracts and are not reassessed subsequently, unless the contractual terms are subsequently modified in such a way that Ageas is required to derecognise the original insurance contract and to recognise a new insurance contract based on the modified contractual terms (see subsection E below).

Examples of groups of contracts that Ageas measures applying the PAA are:

- The majority of groups of insurance contracts in its Non-Life business that fulfil one of the eligibility criteria for applying the PAA on initial recognition;
- Some groups of insurance contracts in its Life business, for which the coverage period of each contract in the group is one year or less; and
- The majority of groups of reinsurance contracts held (both in its Life and Non-Life business).

Variable Fee Approach (VFA)

Ageas applies the VFA to measure the carrying amount of the LRC of insurance contracts with direct participation features.

Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts, under which Ageas shares an investment return on the underlying items with the policyholder. To be classified as insurance contract with direct participation features, all of the following criteria shall be met at inception:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- Ageas expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- Ageas expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Ageas assesses whether a contract is an insurance contract with direct participation features at inception, using its expectations at that date. The three criteria are not reassessed subsequently, unless the contractual terms are modified subsequently in a such way that Ageas is required to derecognise the original insurance contract and to recognise a new insurance contract based on the modified contractual terms (see subsection E below).

In assessing whether a contract is an insurance contract with direct participation features, Ageas considers the law or regulation and the customary business practices in the jurisdiction in which the insurance contract has been issued. To be classified as an insurance contract with direct participation features, the contract should specify the enforceable relationship between the underlying items, that determine some of the amounts payable to the policyholder, and the share of fair value (returns) of those underlying items that are payable to the policyholder. Ageas is not required to hold all the underlying items.

At inception of an insurance contract, Ageas exercises judgement in assessing its expectations on the amounts payable to the policyholder over the entire coverage period of the insurance contract. These expectations are based on a probability-weighted average of multiple scenarios that are reasonably expected to occur during the coverage period of the insurance contract and consider both the guaranteed amounts payable to the policyholder and the amounts over which Ageas has discretion.

Ageas issues insurance contracts with direct participation features in its Life business in France and in its Life business in its associates and joint ventures in Asia.

Reinsurance contracts cannot be classified as insurance contracts with direct participation features. Consequently, the carrying amount of the LRC of a group of reinsurance contracts is measured applying either the GMM or the PAA.

C.2 Initial measurement – groups of insurance contracts not measured applying the PAA

On initial recognition, Ageas measures a group of insurance contracts as the total of:

- The fulfilment cash flows, which comprise current estimates of future cash flows within the contract boundary, adjusted to reflect the time value of money and associated financial risks, and a risk adjustment; and
- The contractual service margin (CSM), representing the unearned profit that Ageas will recognise as it provides services under the insurance contracts in the group.

If a group of insurance contracts is non-profitable, the group of insurance contracts is considered as onerous and a CSM of zero is recognised.

The fulfilment cash flows of a group of insurance contracts issued by Ageas do not reflect the risk of non-performance by Ageas.

Estimates of future cash flows

Estimates of future cash flows include all directly attributable future cash inflows, such as the collection of premiums, and directly attributable future cash outflows, such as the pay-out of claims, benefits and expenses, that are within the boundary of each insurance contract in the group.

Future cash flows relate to activities that are required to fulfil the services provided by the insurance contract. Cash outflows that are not directly attributable to a portfolio of insurance contracts are not part of the estimates of future cash flows and are recognised in other operating expenses as incurred.

Estimates of future cash outflows are not limited to acquisition costs, costs relating to claims handling, policy administration and maintenance costs (including an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts), taxes or levies specifically chargeable to the policyholder under the contractual terms, but also include cash outflows that Ageas incurs by providing investment-return or investment-related services, to the extent that those activities generate an investment return from which policyholders will benefit when an insured event occurs.

The main characteristics of estimates of future cash flows are:

- They are current, reflecting the conditions that exist at the measurement date and including assumptions about the future that are available on the same date;
- They incorporate, in an unbiased way, all reasonable and supportable internal and external information available at the measurement date about the amount, timing and uncertainty of future cash flows;
- They reflect a probability-weighted average of multiple scenarios that are reasonably expected to occur during the coverage period of the group of contracts; and
- They reflect the perspective of Ageas, provided that estimates of any relevant market variables are consistent with observable market prices for those variables.

The subsidiaries of Ageas use a similar cash flow and valuation modelling under IFRS 17 as the models used under Solvency II. For the products in scope of the GMM, the fixed cash flows are modelled on a contract-by-contract basis. Next, these projected cash flows are grouped in meaningful model points. The cash flows related to these model points are stochastically projected to derive the variable cash flows and the option adjusted value (at total portfolio level or for a group of new business). Both the cash flows and valuation capture the dependency to risk neutral variable movements (e.g. interest rates, share price movements, real estate valuation). Finally, the variable cash flows are allocated to the groups of contracts recognised under IFRS 17.

The Model Control Board of Ageas oversees and validates the methods and processes used for the projection and valuation of cash flows. Any changes in the methods and processes for estimating inputs used to measure contracts, the reason for each change, and the type of contracts affected are documented and validated.

Each issuing entity of Ageas individually develops, by product type, assumptions about insurance underwriting risks that it uses in its best estimate of future cash outflows, reflecting recent experience and the profile of policyholders in a group of insurance contracts.

Assumptions used on mortality/longevity, morbidity and lapse and surrender rate are developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

If the issuing entity estimates future cash flows at a higher level than the level of a group of insurance contracts, then those estimates are allocated in a systematic way to the respective groups of insurance contracts.

In Non-Life, the LIC is estimated by using a range of standard actuarial claim projection techniques, such as the chain ladder method. The main assumption underlying these techniques is that an entity's past claims development experience can be used to project future claims development and hence ultimate claims costs. Qualitative judgement is used to assess the extent to which past trends may not apply in the future (e.g. levels of claim inflation, changes in external market factors such as public attitudes to claiming, judicial decisions and legislation). These methods extrapolate the development of paid and incurred claims, average costs per claim (including claim handling costs) and claim numbers based on the observed development of earlier years and expected loss ratios. Each issuing entity analyses historical claims development by accident years as well as by insurance portfolio and type of claim. Large claims are usually estimated separately. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of the ultimate claim costs.

Discounting estimates of future cash flows

Ageas adjusts estimates of future cash flows of a group of insurance contracts using current discount curves, to reflect the time value of money and the financial risks related to those future cash flows, to the extent that financial risks are not included in the estimates of future cash flows. Ageas exercises judgement in determining the applicable discount curves.

The main characteristics of discount curves used are:

- They reflect the time value of money, the characteristics of future cash flows and the liquidity characteristics of the insurance contracts;
- They are consistent with observable market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of timing, currency, liquidity, …; and
- They exclude the effect of factors that influence such observable market prices but that do not affect the future cash flows of the insurance contracts.

The subsidiaries of Ageas determine the applicable discount curves applying the top-down approach whereas the associates and joint ventures of Ageas apply the bottom-up approach.

Under the top-down approach, the discount curves are determined based on the yield curve that reflects the current market rates of return implicit in the fair value measurement of the asset portfolio of the issuing entity, adjusted to eliminate any factors that are not relevant to the insurance contracts issued by that entity. As an example, an issuing entity eliminates the effect of credit risk by applying existing methodologies, such as the methodology used for calculation of the fundamental spread under Solvency II pillar 2.

The actual asset allocation at portfolio level is considered to represent the best possible reference portfolio to be used. The interaction between assets and liabilities will allow to derive the characteristics of the cash flows, the liquidity characteristics of the insurance contracts and the risk limits (i.e. the risk appetite). The discount curve derived from the asset portfolio will be adjusted for the fundamental spread (i.e. expected loss model) using the calculation techniques developed under Solvency II pillar 2. To capture in the most appropriate way the returns on fixed income assets beyond a certain point in time, the same ultimate forward rate (UFR) is used under IFRS 17 as under Solvency II.

Under the bottom-up approach, the discount curves are determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows. Risk-free rates are determined by reference to home market swap rates or the yields of government bonds. Management uses judgement to assess the liquidity characteristics of the liability cash flows.

For both the bottom-up and the top-down approaches, the yield curve is interpolated between the last available market data point and an ultimate forward rate.

The table below includes the discount rates used to discount the cash flows of insurance contracts by geographical region.

30 June 2023	Belgium	Portugal	UK	India	Reinsurance
1 year	4.25%	4.23%	6.21%	6.88%	3.67%
5 years	3.40%	3.38%	4.06%	7.13%	3.71%
10 years	3.15%	3.13%	3.60%	7.21%	3.94%
15 years	3.09%	3.06%	3.71%	7.12%	4.13%
20 years	2.93%	2.90%	3.56%	6.93%	4.15%
30 years	2.93%	2.86%	2.95%	6.60%	4.08%

31 December 2022	Belgium	Portugal	UK	India	Reinsurance
1 year	3.41%	3.51%	4.61%	6.81%	3.60%
5 years	3.37%	3.50%	3.75%	7.26%	3.54%
10 years	3.33%	3.50%	3.52%	7.40%	3.88%
15 years	3.26%	3.42%	3.58%	7.33%	4.17%
20 years	3.00%	3.16%	3.32%	7.13%	4.25%
30 years	2.93%	3.06%	3.17%	6.75%	4.21%

Cash flows that vary based on the return of underlying financial items are adjusted for the effect of that variability using risk-neutral measurement techniques and are discounted using the risk-free rate, adjusted for illiquidity.

IFRS 17 does not require an entity to divide estimated cash flows into those that vary based on the returns on the underlying items and those that do not. If an entity does not divide the estimated cash flows in such a way, the entity shall apply discount rates that are appropriate for the estimated cash flows as a whole. Ageas has elected to use blended rates both on the fixed cash flows and on the certainty equivalent variable cash flows (fulfilment cash flows) of a single group of insurance contracts.

For most of its portfolios of insurance contracts, Ageas has elected to disaggregate insurance finance income or expenses into amounts presented in profit or loss and amounts presented in other comprehensive income (OCI). Ageas determines the insurance finance income or expenses recognised in the income statement by using a so-called accretion rate.

Following accretion rate is applied at future measurement dates:

- For fulfilment cash flows for which there is no substantial asset dependency, the locked-in rate on initial recognition is applied.
- For fulfilment cash flows for which there is a substantial asset dependency, the 'constant rate / effective yield' approach or 'projected crediting rate' approach is applied. For groups of insurance contracts that are characterised by a crediting rate (i.e. a guaranteed rate increased with a periodic profit sharing), Ageas will apply the projected crediting rate increased with a margin. IFRS 17 explicitly allows an entity to use the amounts expected to be credited in the period and expected to be credited in future periods ('actual crediting rate'). Therefore, for the past period, Ageas adjusts the insurance finance expenses for the difference between the projected credit rate at the start of the period and the actual crediting rate ('provisioned') over the period.

Contractual Service Margin (CSM)

The CSM is a component of the LRC that results in no income or expenses being recognised at the date of initial recognition of a group of insurance contracts (unless the group is onerous on that date). The CSM represents the unearned revenue that Ageas expects to recognise over the remaining duration of coverage of the group of insurance contracts as it provides the insurance contract services promised under the insurance contracts in that group.

The CSM is measured at the level of a group of insurance contracts. On initial recognition of a group of insurance contracts, Ageas measures the CSM of the group as the equal and opposite amount of the net inflow of the following:

- The risk-adjusted present value of the fulfilment cash flows relating to future services allocated to the insurance contracts in the group;
- Any cash flows arising from insurance contracts in the group at that date; and
- Any amounts arising from the derecognition at that date of any asset for pre-recognition insurance acquisition cash flows and any other asset or liability recognised before initial recognition of the group.

If the sum of the above results in a net outflow on the date of initial recognition of a group of insurance contracts, then the group is onerous and no CSM is recognised.

Onerous contracts

Groups of insurance contracts are onerous at the date of their initial recognition if the sum of the risk-adjusted present value of the expected cash flows to fulfil the insurance contracts in the group, any cash flows arising from the insurance contracts in the group at that date and any insurance acquisition or other cash flows incurred before the recognition of the group of insurance contracts result in a net outflow.

Ageas aggregates and measures groups of insurance contracts that are onerous at the date of their initial recognition separately from insurance contracts that are not onerous at that date.

For a group of insurance contracts that is onerous, Ageas recognises the following for the amount of the net outflow of the group:

- A loss component of the LRC; and
- A loss in the income statement (part of insurance service expenses).

The loss component of the LRC is a component of the fulfilment cash flows of that group. The CSM of a group of onerous insurance contracts is zero.

Insurance contracts acquired in a transfer of contracts or in a business combination

Ageas measures a group of insurance contracts it acquired in a transfer of contracts or in a business combination using the same measurement approaches as those that are used for measuring groups of insurance contracts it issued. The criteria for classifying contracts as insurance contracts with direct participation features and the eligibility criteria for applying the PAA are assessed at the date of the acquisition transaction.

On initial recognition of a group of insurance contracts acquired, Ageas determines the CSM of the group by using the consideration received (or consideration paid for acquired reinsurance contracts), as a proxy for the premiums received. The consideration received or paid excludes the consideration paid or received for any other assets and liabilities that were acquired in the same transaction.

In a business combination, the consideration received or paid is considered to be the fair value at the acquisition date of the group of insurance contracts acquired.

A group of insurance contracts acquired is onerous on initial recognition if the fulfilment cash flows of the group exceed the consideration received. In this case, Ageas establishes a loss component of the LRC for the excess and recognises the net outflow as follows:

- For insurance contracts acquired in a business combination, as part of goodwill or gain on a bargain purchase.
- For insurance contracts acquired in a transfer of contracts, in the income statement.

At the date that Ageas acquires a group of insurance contracts in a transfer of contracts that do not form a business or in a business combination, Ageas recognises an asset for insurance acquisition cash flows at its fair value for the rights to obtain:

- Renewals for insurance contracts that have been recognised at the date of the acquisition transaction and for which the acquiree has already paid acquisition cash flows; and
- Other insurance contracts that will be issued after the acquisition date, and for which the acquiree has already paid acquisition cash flows that are directly attributable to the related portfolio of insurance contracts.

C.3 Subsequent measurement – groups of insurance contracts not measured applying the PAA

The carrying amount of a group of insurance contracts at a reporting date is the sum of the LRC, including any CSM or loss component, and the LIC.

The liability for remaining coverage (LRC) represents the obligation for Ageas to:

- Investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage); and
- Pay amounts under existing insurance contracts that are not included in the obligation above and that relate to the future provision of insurance contract services, or to any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the LIC.

The carrying amount of the LRC of a group of insurance contracts is the sum of the fulfilment cash flows and any remaining CSM at that date (unless the group is onerous), using the same measurement approach as used on initial recognition of the group of insurance contracts.

Changes in the estimates of fulfilment cash flows in the LRC are accounted for as follows:

- Changes that relate to current or past services are recognised in the income statement as insurance service expenses;
- Changes that relate to future services are recognised as an adjustment of the CSM or, for onerous contracts, as an adjustment of the loss component of the LRC; and
- Changes in fulfilment cash flows that arise from the effects of the time value of money and other financial risks, and changes therein, are recognised as insurance finance income or expenses.

The liability for incurred claims (LIC) represents the obligation for Ageas to:

- Investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have yet not been reported, and other incurred insurance expenses; and
- Pay amounts that are not included in the obligation above and that relate to insurance contract services that have already been provided, or to any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the LRC.

The carrying amount of the LIC of a group of insurance contracts includes the amount of fulfilment cash flows relating to incurred claims and expenses that have not yet been paid. Those fulfilment cash flows are discounted for the effect of time value of money and financial risk, using current curves. The LIC also includes an explicit risk adjustment.

The fulfilment cash flows of groups of insurance contracts are remeasured at each reporting date, using current estimates of future cash flows, current discount curves and current estimates of the risk adjustment.

The carrying amount of groups of insurance contracts that are recognised in these interim financial statements is measured applying the year-to-date method.

CSM – groups of insurance contracts measured applying the GMM

The CSM of a group of insurance contracts is updated at each reporting date to reflect changes in the unearned profit that Ageas expects to recognise over the remaining duration of coverage of the group. At each reporting date, the carrying amount of the CSM of a group is the amount of the CSM at the beginning of that reporting period, adjusted for the following:

- The CSM of any new insurance contracts that have been added to the group during the reporting period;
- Interest accretion on the carrying amount of the CSM in the reporting period, measured using locked-in discount curves on nominal cash flows that do not vary based on the returns on any underlying items;
- Any changes in fulfilment cash flows in the LRC that relate to future services (see just below), to the extent that the group of insurance contracts is not onerous;
- The effect of any currency exchange differences on the CSM, if applicable; and
- The amount of insurance revenue recognised in the income statement of the reporting period, reflecting the insurance contract services provided during that period. Ageas determines this adjustment after all other adjustments above.

Following changes in the fulfilment cash flows in the LRC relate to future services:

- Experience adjustments arising from premiums received during the reporting period and any related cash flows, such as insurance acquisition cash flows, that relate to future services;
- Changes in estimates of the present value of future cash flows in the LRC, except for changes that arise from the effects of the time value of money, financial risk, and changes therein;
- Differences between the amount of any non-separated investment component that is expected to become payable in the reporting period, determined as the payment expected at the beginning of the period plus any insurance finance income or expenses related to that payment before it becomes payable, and the actual amount that becomes payable during the period;
- Differences between the amount of any loan to a policyholder that is expected to become repayable in the reporting period and the actual amount that becomes repayable during the period;
- Changes in the risk adjustment that relate to future services; and
- Changes in cash flows to policyholders over which the issuing entity has some discretion regarding the amount or timing. At inception of the insurance contract, the issuing entity specifies the basis over which it expects to determine its commitment to the policyholder.

The adjustments to the CSM, resulting from changes in fulfilment cash flows as detailed above, are measured using discount curves determined on initial recognition of the group of contracts.

A group of insurance contracts becomes onerous if unfavourable changes relating to future services, arising from changes in the estimates of future cash flows in the LRC for that group or from changes in the risk adjustment, exceed the (existing) carrying amount of the CSM of that group of insurance contracts. In such case, the CSM is reduced to zero and Ageas recognises the following for the excess:

- A loss component of the LRC; and
- A loss in the income statement (insurance service expenses).

For groups of insurance contracts that are onerous at the beginning of the reporting period:

- Any unfavourable changes in the fulfilment cash flows in the LRC, that relate to future services, will increase the loss component of the LRC and will result in the recognition of an additional loss in the income statement for the same amount (part of insurance service expenses);
- Any favourable changes in the fulfilment cash flows in the LRC, that relate to future services, are accounted for as follows:
  - If the favourable change arises from changes in the estimates of future cash flows or from changes in the risk adjustment relating to future service, the change is allocated to the loss component of the LRC until it is reduced to zero;
  - If the favourable change arises from changes in the estimates of future cash flows for claims and expenses released from the LRC because of incurred service expenses or from changes in the risk adjustment recognised in profit or loss because of the release from risk, the change is allocated on a systematic basis to the loss component of the LRC and the LRC excluding loss component.

Consequently, Ageas excludes favourable changes relating to future services from insurance revenue in the income statement and recognises such changes as a reversal of previously recognised losses (as negative insurance service expenses), to the extent of the remaining loss component. Ageas reinstates a CSM if favourable changes relating to future services exceed the carrying amount of the remaining loss component.

CSM – groups of insurance contracts measured applying the VFA

The subsequent measurement of a group of insurance contracts with direct participation features reflects the fact that under those contracts Ageas is obliged to pay to the policyholders an amount equal to the fair value (returns) of the underlying items, less a variable fee for future services. The variable fee for future services comprises Ageas' share of the fair value (returns) of the underlying items – being Ageas' remuneration for the investment-related services provided – less the fulfilment cash flows in the LRC that do not vary with the fair value (returns) of the underlying items.

Ageas recognises any changes in its obligation to pay to the policyholders an amount equal to the fair value (returns) of the underlying items in the income statement or in OCI, just the same way as changes in fair value on most underlying items are recognised.

Any changes in Ageas' share of the fair value (returns) of the underlying items adjust the CSM of the group, unless the group of insurance contracts is or becomes onerous.

At each reporting date, the carrying amount of the CSM of a group of insurance contracts with direct participation features is the amount of the CSM at the beginning of that reporting period, adjusted for the following:

- The CSM of any new insurance contracts that have been added to the group during the reporting period;
- Any changes in Ageas' share of the fair value (returns) of the underlying items, to the extent that the group of insurance contracts is not onerous and except to the extent that Ageas has applied the risk mitigation option, to exclude from the CSM changes in the effect of the time value of money and financial risk on the amount of its share of the underlying items or fulfilment cash flows;
- Any changes in the fulfilment cash flows in the LRC that relate to future services (see just below), to the extent that the group of contracts is not onerous;
- The effect of any currency exchange differences on the CSM, if applicable; and
- The amount of insurance revenue recognised in the income statement of the reporting period, reflecting the insurance contract services provided during that period. Ageas determines this adjustment after all other adjustments above.

For groups of insurance contracts with direct participation features, the following changes in the fulfilment cash flows in the LRC relate to future services:

- The changes in the fulfilment cash flows that relate to future services, as specified above for groups of insurance contracts measured applying the GMM, excluding changes in the discretionary cash flows to policyholders; and
- The changes in the effect of the time value of money and financial risks that do not arise from underlying items, including e.g. the effect of financial guarantees.

The adjustments to the CSM, resulting from changes in fulfilment cash flows as detailed above, are measured using current discount curves.

A group of insurance contracts with direct participation features may become onerous in a subsequent reporting period. Also, may groups that are onerous at the beginning of the reporting period become more or less onerous. Ageas applies the same principles to those groups of contracts as it applies for groups of insurance contracts that are measured applying the GMM i.e.:

- The CSM is reduced to zero; and
- Ageas recognises a loss component of the LRC and a loss in the income statement (part of insurance service expenses), reflecting the net outflow.

C.4 Initial measurement – groups of insurance contracts measured applying the PAA

For groups of insurance contracts that are measured applying the PAA and that are not onerous on initial recognition, Ageas measures the carrying amount of the LRC on initial recognition at an amount equal to:

- The amount of premiums received on initial recognition;
- Adjusted for any insurance acquisition cash flows that are not expensed as incurred and that are allocated to the group of insurance contracts at that date;
- Adjusted for amounts arising from the derecognition of any asset for pre-recognition insurance acquisition cash flows that are not expensed as incurred and any other pre-recognition cash flows that relate to the group at that date.

If the coverage period of each insurance contract in a group is one year or less at inception, Ageas expenses any insurance acquisition cash flows as incurred. Consequently, those insurance acquisition cash flows are not included in the carrying amount of the LRC. For other groups of insurance contracts, the insurance acquisition cash flows are deferred and are recognised over the coverage period of the insurance contracts in the group.

For groups of insurance contracts that include a significant financing component, Ageas adjusts the carrying amount of the LRC for the effect of time value of money and financial risk, by discounting the expected cash flows using discount curves determined on initial recognition.

Ageas expects that a group of insurance contracts that is measured applying the PAA is not onerous, unless facts and circumstances indicate the contrary. Ageas assesses whether such a group of insurance contracts could be onerous on initial recognition or could become onerous subsequently using information provided by its internal reporting system, including amongst others a combined ratio that is modified based on the requirements in IFRS 17 and that excludes the effect of reinsurance.

If the assessment above reveals that a group of insurance contracts could be or could become onerous, then Ageas increases the carrying amount of the LRC, measured applying the PAA, to the amount of the discounted fulfilment cash flows, measured applying the GMM. Ageas also recognises a loss in the income statement (part of insurance service expenses) equal to the increase in the carrying amount of the LRC.

C.5 Subsequent measurement – groups of insurance contracts measured applying the PAA

In a subsequent reporting period, the carrying amount of the LRC of a group of insurance contracts that is measured applying the PAA is the amount at the beginning of that reporting period, adjusted for:

- Any premiums received during the reporting period;
- Any insurance acquisition cash flows that are not expensed as incurred and that are allocated to the reporting period;
- Amounts arising from the derecognition of any asset for pre-recognition insurance acquisition cash flows that are not expensed as incurred and any other pre-recognition cash flows allocated to the reporting period;
- Any adjustments to the financing component (including interest accretion, using locked-in discount curves), if applicable;
- The amount of insurance revenue recognised in the income statement of the reporting period, reflecting the insurance contract services provided during that period;
- Any investment component paid or transferred to the LIC.

At the end of a subsequent reporting period, Ageas assesses whether a group of insurance contracts has become or still is onerous, applying the same methodology as on initial recognition. If necessary, the carrying amount of the LRC is adjusted. This assessment may result in a (partial) reversal of a previously recognised loss component.

The carrying amount of the LIC of a group of insurance contracts includes the amount of the risk-adjusted discounted fulfilment cash flows, discounted at current rates, relating to incurred claims and claims expenses that have not yet been paid.

D. Measurement of reinsurance contracts held

Ageas measures and presents groups of reinsurance contracts it purchased ('reinsurance contracts held') separately from groups of insurance contracts it issued. Except for the differences stated below, Ageas measures groups of reinsurance contracts held using the same accounting policies as those applied to groups of insurance contracts issued.

The carrying amount of a group of reinsurance contracts held at a reporting date is the sum of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC).

The carrying amount of the ARC of a group of reinsurance contracts held is measured applying either the GMM or the PAA.

The carrying amount of the AIC of a group of reinsurance contracts held represents the risk-adjusted present value of the fulfilment cash flows of incurred claims that Ageas has not yet received from the reinsurer.

D.1 Measurement of the ARC applying the GMM

The carrying amount of the ARC of a group of reinsurance contracts held at the reporting date is the sum of the risk-adjusted present value of the fulfilment cash flows that relate to the services that Ageas will receive under the reinsurance contracts held and any remaining CSM at that date.

Estimates of future cash flows of a group of reinsurance contracts held include all future cash inflows, such as claim recoveries and other benefits, and cash outflows, such as ceded premiums and broker fees due, that are within the boundary of the group of reinsurance contracts held.

Ageas measures estimates of the present value of future cash flows of groups of reinsurance contracts held using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows of the group(s) of underlying insurance contracts issued. In addition, Ageas adjusts these estimates for the effect of any risk of non-performance by the reinsurer that issued the contract(s). The risk of non-performance by the reinsurer is reassessed at each reporting date, and the effect of changes in this risk is recognised in the income statement (as part of net income or expenses from reinsurance contracts).

On the date of initial recognition of a group of reinsurance contracts held, the CSM of that group represents the net cost or net gain on purchasing the reinsurance coverage. Ageas recognises the net cost or net gain on purchasing reinsurance coverage as a reinsurance expense over the coverage period of the group of reinsurance contracts held, as Ageas benefits from the services under those contracts, unless the net cost on purchasing reinsurance coverage relates to events that have occurred before Ageas purchased the group of reinsurance contracts, in which case Ageas recognises the net cost directly in its income statement.

When Ageas recognises a loss on initial recognition of an onerous group of underlying insurance contracts issued, or when adding onerous underlying insurance contracts to an existing group of insurance contracts issued results in a loss, then Ageas adjusts the CSM of the group of reinsurance contracts held by recognising income in the income statement (part of net income or expenses from reinsurance contracts) and a loss-recovery component of the asset for remaining coverage for the same amount.

Ageas determines the loss-recovery component of the asset for remaining coverage by multiplying:

- The loss that relates to the underlying insurance contracts issued; and
- The percentage of claims on the underlying insurance contracts issued that Ageas expects to recover from the reinsurance contracts.

The loss-recovery component of the ARC reflects the amounts that Ageas subsequently presents in the income statement (as part of net income or expenses from reinsurance contracts) as reversals of recoveries of losses. Those amounts are excluded from the allocation of premiums paid to the reinsurer.

On the date of initial recognition, Ageas measures the CSM of a group of reinsurance contracts held as the equal and opposite amount of:

- The risk adjusted (including an adjustment for the effect of any risk of non-performance) present value of fulfilment cash flows relating to future services allocated to the reinsurance contracts held in the group;
- Any amounts arising from the derecognition of any asset or liability for pre-recognition cash flows relating to the group;
- Any cash flows arising from the reinsurance contracts held in the group; and
- Any income recognised, because Ageas recognised a loss on initial recognition of an onerous group of underlying insurance contracts issued.

At a subsequent reporting date, Ageas measures the CSM of a group of reinsurance contracts held as the amount of the CSM of the group at the beginning of the reporting period, adjusted for:

- The CSM of any new reinsurance contracts held that have been added to the group during the reporting period;
- Interest accretion on the carrying amount of the CSM in the reporting period, measured using locked-in discount curves;
- Any changes in the risk adjusted (including an adjustment for the effect of any risk of non-performance) present value of fulfilment cash flows in the ARC that relate to future services, measured using locked-in discount curves, unless those changes result from changes in the fulfilment cash flows of an onerous group of underlying insurance contracts issued or from the addition of onerous underlying insurance contracts to an existing group of insurance contracts issued that results in a loss, in which case Ageas recognises those changes in the income statement and creates or adjusts the loss-recovery component of the ARC;
- Any reversal of the loss-recovery component of the ARC, other than changes in the fulfilment cash flows of the group of reinsurance contracts held;
- The effect of any currency exchange differences on the CSM, if applicable; and
- The amount of reinsurance expense recognised in the income statement of the reporting period, reflecting the reinsurance coverage services received in that period. Ageas determines this adjustment after all other adjustments above.

If a group of reinsurance contracts held only covers some of the contracts included in an onerous group of underlying insurance contracts issued, then Ageas uses a systematic and rational method to determine which portion of the losses, that Ageas recognised on the onerous group of underlying insurance contracts issued, relates to contracts that are covered by the group of reinsurance contracts held.

D.2 Measurement of the ARC applying the PAA

On initial recognition, the ARC of a group of reinsurance contracts held equals:

- The amount of ceding premiums paid on initial recognition;
- Plus, brokerage fees paid to a party other than the reinsurer;
- Adjusted for amounts arising from the derecognition of any pre-recognition cash flows that relate to the group at that date.

The ARC of a group of reinsurance contracts held is subsequently measured as the amount of the ARC at the beginning of the reporting period, adjusted for:

- Ceding premiums paid during the reporting period;
- Brokerage fees paid during the reporting period;
- The amount of reinsurance expense recognised in the income statement of the reporting period, reflecting the reinsurance coverage services received in that period.

Both on initial recognition and at each subsequent reporting date, the carrying amount of the ARC of a group of reinsurance contracts held is adjusted to reflect the risk of non-performance of the reinsurer.

For a group of reinsurance contracts held that is measured applying the PAA, Ageas recognises a loss-recovery component of the ARC by directly adjusting the ARC of the group.

E. Modification and derecognition of an insurance contract

Ageas derecognises an insurance contract from its statement of financial position when:

- The insurance contract is extinguished because the obligation specified in the insurance contract expires or is discharged or cancelled;
- The contractual terms are modified in such a way that IFRS 17 requires Ageas to derecognise the original insurance contract and to recognise a new insurance contract based on the modified contractual terms.

Ageas derecognises an existing insurance contract and recognises a new insurance contract if it concludes the following based on the modifications in its contractual terms:

- If the modified terms had been included at contract inception:
  - The contract would not be in the scope of IFRS 17;
  - A different contract would have been recognised because different components would have been separated;
  - The contract would have a substantially different contract boundary; or
  - The contract would have been included in a different group of insurance contracts.
- The original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- The original insurance contract was measured applying the PAA, but the modifications imply that the insurance contract no longer meets the eligibility criteria for applying the PAA.

If a new contract is recognised based on the modified contractual terms and it falls in the scope of IFRS 17, then the new contract is recognised from the date of the modification of the contractual terms. The requirements on unit of account, aggregation of contracts for presentation and measurement, eligibility criteria for a contract to be classified as an insurance contract with direct participation features and eligibility criteria for measuring an insurance contract applying the PAA shall be assessed at the date of modification of the contractual terms.

Modifications in contractual terms that do not require Ageas to derecognise the original insurance contract and to recognise a new insurance contract, e.g. due to an agreement with counterparties or by a change in regulation, are treated as changes in estimates of fulfilment cash flows in the LRC.

The exercise of a right included in the original contractual terms is not a contract modification.

When an insurance contract is derecognised from a group of insurance contracts that is not measured applying the PAA, then Ageas adjusts:

- The fulfilment cash flows allocated to the group of insurance contracts, to eliminate the present value of future cash flows and the risk adjustment relating to the rights and obligations that have been derecognised from the group of insurance contracts;
- The CSM of the group of insurance contracts, except where the decrease of the fulfilment cash flows is allocated to a loss component; and
- The number of coverage units for expected remaining insurance contract services, to reflect the number of coverage units derecognised from the group of insurance contracts.

When an insurance contract is derecognised because it is transferred to a third party, then the CSM of the group from which the insurance contract has been derecognised is adjusted for the difference between the change in carrying amount of the group following the derecognition of the contract and the premium charged by the third party, unless the group of insurance contracts is onerous.

When an insurance contract is derecognised and a new insurance contract is recognised because its contractual terms are modified, then the CSM of the group from which the insurance contract has been derecognised is adjusted for the difference between the change in carrying amount of the group following the derecognition of the contract and the premium that Ageas would have charged if it had entered into an insurance contract with equivalent terms as the new contract at the date of contract modification, less any additional premium charged for the modification.

When an insurance contract is derecognised from a group of insurance contracts that is measured applying the PAA and a new insurance contract is recognised because its contractual terms are modified, the insurance revenue of the concerned groups of insurance contracts is adjusted prospectively from the date of the contract modification, to remove the related rights and obligations under the derecognised contract and to recognise the related rights and obligations under the modified contract.

F. Presentation in the statement of financial position and presentation of income and expenses

In the statement of financial position, the carrying amounts of following portfolios of contracts are presented separately:

- Insurance and reinsurance contracts issued that are in an asset position, further referred to as ‘Life / Non-Life insurance contract assets’ in the statement of financial position of Ageas;
- Insurance and reinsurance contracts issued that are in a liability position, further referred to as ‘Life / Non-Life insurance contract liabilities’ in the statement of financial position of Ageas;
- Reinsurance contracts held that are in an asset position, further referred to as ‘Reinsurance contract assets’ in the statement of financial position of Ageas; and
- Reinsurance contracts held that are in a liability position, further referred to as ‘Reinsurance contract liabilities’ in the statement of financial position of Ageas.

The carrying amount of a portfolio of insurance contracts includes any asset or liability recognised for cash flows that arise before the recognition of any contracts that are part of the portfolio.

Income and expenses from insurance and reinsurance contracts are allocated between the income statement and OCI into:

- Insurance service result, comprising:
  - Insurance revenue;
  - Insurance service expenses; and
  - Net income or expenses from reinsurance contracts held; and
- Insurance finance income or expenses.

Insurance revenue and insurance service expenses recognised exclude any investment components.

Income or expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as ‘Net result from reinsurance contracts held’ in the insurance service result.

F.1 Insurance revenue

Ageas recognises insurance revenue as it provides insurance contract services to the policyholders for the groups of insurance contracts it issued.

Insurance contract services include the following services that Ageas provides to the policyholders of insurance contracts:

- Insurance coverage: Ageas stands ready to pay valid claims that arise within the coverage period of a contract;
- Investment-return service: Ageas generates an investment return for the policyholder of an insurance contract without direct participation features; and
- Investment-related service: Ageas manages the underlying assets of an insurance contract with direct participation features on behalf of the policyholder of the contract.

For insurance contracts without direct participation features, the insurance contract services provided to the policyholders during the coverage period include both insurance coverage and investment-return services.

For insurance contracts with direct participation features, the insurance contract services provided to the policyholders during the coverage period include both insurance coverage and investment-related services.

For contracts that provide investment-return or investment-related services, the period of those services ends no later than the date on which all amounts due to the current policyholders relating to those services have been paid, without considering payments to future policyholders included in the fulfilment cash flows of the group of contracts.

Insurance revenue – groups of insurance contracts not measured applying the PAA

Insurance revenue recognised in a reporting period reflects the reduction of the LRC that relates to the delivery of promised insurance contract services to policyholders, for which Ageas expects to receive consideration. Insurance revenue comprises the following:

- Claims and other insurance service expenses (excluding investment components) that Ageas incurred in the reporting period, generally measured at the amounts that were expected at the beginning of the reporting period. This includes amounts arising from the derecognition of any assets for pre-recognition cash flows (other than insurance acquisition cash flows) at the date of initial recognition of a group of insurance contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Changes in the risk adjustment that relate to current services, reflecting the release of non-financial risks associated with fulfilling the insurance contract services, excluding any changes that are included in insurance finance income or expenses due to the disaggregation of changes in the risk adjustment between insurance service result and insurance finance income or expenses;
- A release of the CSM, reflecting the profit recognition for insurance contract services provided during the reporting period;
- Other amounts, including experience adjustments for premiums related to current or past services.

In addition, a portion of the premiums that relates to recovering insurance acquisition cash flows is allocated in a systematic way to insurance revenue. The allocated insurance acquisition cash flows are adjusted for interest accretion, using locked-in discount curves determined on initial recognition of the related group of insurance contracts.

Release of the CSM

The carrying amount of the CSM of a group of insurance contracts reflects the unearned profit that Ageas expects to recognise over the remaining duration of coverage of the group.

The coverage period of a group of insurance contracts is the period during which Ageas provides insurance contract services under the insurance contracts in that group. It includes insurance contract services that relate to all premiums that fall within the contract boundary of the relating insurance contracts and is determined considering the applicable contractual terms and regulatory environment.

Ageas uses the concept of coverage units to recognise insurance revenue over the coverage period of the group and to release the carrying amount of the CSM of a group of insurance contracts.

The number of coverage units in a group is the quantity of insurance contract services provided to the policyholders of the insurance contracts in the group, determined by considering for each insurance contract the quantity of benefits provided and its expected coverage period. The number of coverage units of each group is reassessed at each reporting date.

IFRS 17 does not specify a particular method to determine the number of coverage units in a group of contracts. To achieve the objective of reflecting the quantity of insurance contract services provided in each reporting period, Ageas applies the following number of coverage units:

- The capital at risk for mortality covers;
- The survival capital for risk life covers;
- The disability annuity for disability covers; and
- The premium amounts for premium waiver covers and medical care products.

For investment-return or investment-related services, a method based on the amount of investment component in the period, the surrender value or the account balance is used.

Where insurance contracts provide different types of benefits, or where they contain both insurance coverage and investment-return or investment-related services, the number of coverage units is determined for each benefit or service, and a weighting is applied to convert the benefits or services into a compound number of coverage units that reflects the relative level of benefits provided for each type of benefit or service. The relative weighting of the benefits is based on the underlying CSM's of the different components. Using the underlying CSM's as the relative weightings is equivalent to calculating the release of the CSM of each of the underlying components (services) and adding them up.

At each reporting date, the carrying amount of the CSM of a group of insurance contracts (before any release) is allocated equally to:

- Each coverage unit for insurance contract services provided to the policyholders of that group during the reporting period; and
- The coverage units for insurance contract services expected to be provided over the remaining duration of coverage of the group.

The number of coverage units that has been allocated to the reporting period determines the release of the carrying amount of the CSM of the group of insurance contracts and consequently the amount that Ageas recognises as insurance revenue for that group of insurance contracts during the reporting period.

For most groups of insurance contracts, Ageas discounts the coverage units to reflect the timing of the expected provision of services, if this results in a more representative allocation of the insurance contract services provided during the period.

For groups of insurance contracts with DPF, Ageas recognises the CSM as insurance revenue in a systematic way that reflects the transfer of investment services under those contracts.

Insurance revenue – groups of insurance contracts measured applying the PAA

For groups of insurance contracts measured applying the PAA, Ageas recognises insurance revenue in a reporting period based on the consideration that it expects to receive in that period for the provided insurance contract services.

Ageas generally allocates the premiums that it expects to receive for a group of contracts to insurance revenue based on the passage of time over the coverage period of the group of insurance contracts. If the expected pattern of release of risk during the coverage period significantly differs from the passage of time, then the expected premiums are allocated to the respective periods of service based on the expected timing of incurred insurance service expenses. The latter may e.g. occur for groups of insurance contracts with important seasonal effects in the expected timing of incurred claims.

For groups of insurance contracts that include a significant financing component, Ageas considers the effect of the significant financing component in the revenue recognition (as part of insurance finance income or expenses).

If an insurance contract is modified, and the modification does not result in the derecognition of the original contract, the recognition of insurance revenue is adjusted prospectively from the date of the contract modification.

F.2 Insurance service expenses

Insurance service expenses arising from a group of insurance contracts are recognised in the income statement as incurred. Insurance service expenses include:

- Claims incurred during the reporting period (excluding investment components);
- Other incurred insurance service expenses, including amounts arising from the derecognition of any asset for pre-recognition cash flows (other than insurance acquisition cash flows) at the date of initial recognition of a group of insurance contracts, which are recognised in insurance revenue and insurance service expenses at that date;
- Release of insurance acquisition cash flows. For groups of insurance contracts not measured applying the PAA, this equals the amounts recognised in insurance revenue that relate to recovering insurance acquisition cash flows. For groups of insurance contracts measured applying the PAA, this equals the amounts of insurance acquisition cash flows incurred during the reporting period;
- Impairment losses on assets for insurance acquisition cash flows and any reversals of such impairment losses;
- Adjustments to the LIC that do not arise from the effects of time value of money, financial risk and changes therein; and
- Losses on onerous contracts and reversals of such losses.

Other expenses, not meeting the above categories and not being part of insurance finance income or expenses, are included as incurred in other operating expenses in the income statement.

F.3 Net result from reinsurance contracts held

Income and expenses from groups of reinsurance contracts held are presented separately from income and expenses from groups of insurance contracts issued.

Ageas recognises reinsurance expenses in its income statement in a similar way as insurance revenue. Ageas presents the allocation of ceding premiums paid, less the amounts that Ageas recovered from the reinsurers (excluding insurance finance income or expenses), on a net basis in the insurance service result.

For groups of reinsurance contracts held that are measured applying the GMM, the reinsurance expenses recognised in the reporting period reflect the reduction of the ARC that relates to reinsurance contract services received, for which Ageas paid consideration.

For groups of reinsurance contracts held that are measured applying the PAA, the reinsurance expenses recognised in the reporting period reflect the consideration that Ageas expects to pay in that reporting period for receiving reinsurance contract services.

Adjustments to any loss-recovery component of the ARC of a group of reinsurance contracts held, reflecting the (reversal of) recovery of losses recognised on onerous groups of underlying insurance contracts, are presented as part of 'Net result from reinsurance contracts held'.

Ageas recognises ceding commissions as follows:

- Ceding commissions that are contingent on claims on the underlying insurance contracts issued reduce the amount of claims that Ageas expects to recover from the reinsurer; and
- Ceding commissions that are not contingent on claims on the underlying insurance contracts issued are recognised as an increase of the ceding premiums.

F.4 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amount of a group of insurance and reinsurance contracts that arise from the effects of the time value of money, financial risk and changes therein, unless such changes are allocated to any loss component and are included in insurance service expenses.

For groups of insurance contracts measured applying the GMM, the insurance finance income or expenses recognised mainly relate to:

- Interest accretion on the fulfilment cash flows and on the CSM;
- The effects of changes in interest rates and other financial variables; and
- Foreign exchange differences, if applicable.

For groups of insurance contracts measured applying the VFA, insurance finance income or expenses comprise additionally changes in the fair value of the underlying items (excluding additions and withdrawals).

For groups of insurance contracts measured applying the PAA, the insurance finance income or expenses mainly relate to accreted interest on the fulfilment cash flows in the LIC and the effects of changes in interest rates and other financial variables.

To minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities, Ageas disaggregates insurance finance income or expenses between the income statement and OCI for most of its portfolios of insurance contracts. For portfolios to which disaggregation is applied, the amount to be included in the income statement for the reporting period is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of insurance contracts, as explained below.

For groups of insurance contracts that are measured applying the PAA, the systematic allocation to the income statement is performed using discount curves that are determined on the date the claim occurred.

For groups of insurance contracts that are measured applying the GMM, for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders, the systematic allocation of the expected total insurance finance income or expenses to the income statement is performed using discount curves determined at the date of initial recognition of the group of insurance contracts.

For groups of insurance contracts that are measured applying the GMM, for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to policyholders, the systematic allocation of the expected total insurance finance income or expenses to the income statement is performed using following rates:

- Related to the fulfilment cash flows (including risk adjustment), the projected crediting rate approach;
- Related to the CSM, discount curves determined at the date of initial recognition of the group of insurance contracts.

For groups of insurance contracts with direct participation features, that are measured applying the VFA, only where Ageas holds the underlying items, disaggregation means presenting in the income statement as insurance finance income or expenses an amount that eliminates the accounting mismatches with the finance income or expenses arising on the underlying items.

The amounts of insurance finance income or expenses recognised in OCI are recognised under the line item 'Net finance expense from insurance contracts' (or under the line item 'Net finance income from reinsurance contracts held' for reinsurance contracts held).

When Ageas transfers a group of insurance contracts without direct participation features or derecognises an insurance contract from a group of insurance contracts without direct participation features, any remaining amounts for the transferred group of insurance contracts or the derecognised contract, that were previously recognised in OCI, are reclassified to the income statement as a reclassification adjustment. For groups of insurance contracts with direct participation features, the amounts previously recognised in OCI remain there.

13
Employee benefits

A. Pension liabilities

Throughout its global activities, Ageas operates a number of defined benefit (DB) and defined contribution (DC) pension plans, 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 DB plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service.

A DC plan is a pension plan under which Ageas pays fixed contributions. However, under IAS 19 ‘Employee benefits’, a DC plan with a guaranteed return is treated as a DB plan instead of a DC plan due to the (legally determined) guaranteed return included in those plans.

For DB plans, the pension costs and related pension assets or liabilities are estimated using the projected unit credit (PUC) 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 discount rates determined by reference to market yields on high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

Ageas recognises remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (see below) and the return on plan assets (excluding net interest), immediately through OCI 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 the income statement on the earlier of:

- The date of a pension 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 line item in the statement of financial position (such as financial investments). If the assets meet the criteria, they are netted against the pension liability.

When the fair value of the plan assets is netted against the present value of a DB plan liability, 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’).

The costs and liabilities of other benefit plans that provide long-term service benefits, but that are not pension plans, are also measured at present value using the PUC method.

The contributions of Ageas to DC pension plans are charged to the income statement in the year to which they relate, except for DC plans with a guaranteed return, that follow the accounting treatment of a DB plan as described above.

B. Other post-retirement liabilities

Some subsidiaries or associates and joint ventures of Ageas provide other 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 DB pension plans. These liabilities are determined based on actuarial calculations.

C. Share options and equity participation plans

Ageas grants share options and restricted shares, both equity-settled and cash-settled plans, 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 share options and share 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 liability 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.

Expenses relating to remeasurement 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 considers 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 to share premium (the surplus). If for this purpose own shares have been repurchased, these will be eliminated from the treasury shares.

D. Employee entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is recognised 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.

14 Provisions and contingent liabilities

A. Provisions

Provisions are liabilities involving uncertainties in the amount or timing of future payments. Ageas recognises a provision 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 reporting date. Ageas establishes provisions for certain guarantee contracts, for which Ageas is responsible to pay upon default of payment by a third party. 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. The unwind of the discount is recognised as ‘Financing costs’

B. Contingencies

Contingencies are possible obligations that arise from past events and:

- Whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of Ageas;
- For which it is not probable that an outflow of resources will be required to settle the obligation; or
- For which the amount of the obligation cannot be measured with sufficient reliability.

Ageas does not recognise contingent liabilities in its statement of financial position.

15 Fee and commission income

A. Fees recognised as services are provided

Fees arising from services provided 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.

B. 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.

C. Fees from investment contracts

Fees arising from investment contracts, of which the covered insurance risk is not significant, consist of fees for providing investment and administration services. Those fees are recognised as revenue as the related services are provided.

16
Share capital and other equity components

A. Share capital and share issue costs

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

B. Treasury shares

When the parent company or its subsidiaries purchase Ageas shares, or obtain rights to purchase Ageas shares, the consideration paid, including any attributable transaction costs, net of income taxes, are shown as a deduction from equity.

Dividends paid/received 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 not entitled to dividend or capital distributions. These shares are eliminated in calculating dividend, net profit and equity per share. The cost price of the shares is deducted from equity.

C. Compound financial instruments

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

D. Other equity components

Other elements recognised in equity relate to:
- Direct equity movements of associates (see section 6);
- Changes in foreign exchange rates (see section 7);
- Investments measured at FVOCI (see section 8);
- Cash flow hedges and fair value hedges (see section 8);
- Actuarial gains and losses on DB plans (see section 13);
- Share options and restricted share plans (see section 13); and
- Dividend, treasury shares and cancellation of shares.

17
Income taxes

A. 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 that are available to be carried 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 applied tax treatment, 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.

B. Deferred tax

Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets (DTA) 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 recognised in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred taxes are determined based on the rates enacted or substantively enacted at the date of the statement of financial position.

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

DTL are recognised 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.

Deferred tax related to fair value remeasurement of items in the statement of financial position which is charged or credited directly to equity (such as unrealised capital gains or losses on investments measured at FVOCI or on cash flow hedges) is also credited or charged directly to equity.

Deferred income tax assets and liabilities are offset when Ageas has a legally enforceable right to settle the amount payable and the amount receivable at the net amount, and when the DTA and DTL relate to income taxes levied by the same tax authorities.

18
Earnings per share

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

For the calculation of the diluted earnings per share, the weighted average number of ordinary shares in circulation is adjusted assuming 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 considered to be 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 the net result before discontinuation of the operations by the weighted average number of ordinary shares in circulation during the year, excluding the average number of ordinary shares purchased by Ageas or its subsidiaries and held as treasury shares.

Regulatory solvency (unaudited)

Solvency information

As of June 30 2023, the Solvency II ratio of Ageas group is 220% based on SCR Ageas.

	30 June 2023	31 December 2022
Eligible own funds	7,503	7,337
SCR	3,408	3,363
Solvency ratio	220%	218%

Notes to the consolidated statement of financial position

1 Financial investments

Financial investments

The composition of financial investments is as follows.

30 June 2023	Hedging instruments	FVTPL mandatory	FVTPL designated	FVOCI excl. equity investments	FVOCI designated equity investments	Amortised cost	Total carrying value
Debt securities		1,574	120	44,084		71	45,849
Loans		362		8,888		1,489	10,739
Equity		116			2,885		3,001
Derivatives	107	4					111
Unit-linked financial investments			17,829				17,829
Other investments		102					102
Total financial investments	**107**	**2,158**	**17,949**	**52,972**	**2,885**	**1,560**	**77,631**

31 December 2022	Hedging instruments	FVTPL mandatory	FVTPL designated	FVOCI excl. equity investments	FVOCI designated equity investments	Amortised cost	Total carrying value
Debt securities		1,577	124	43,587		75	45,363
Loans		342		8,694		1,496	10,532
Equity		120			2,468		2,588
Derivatives	110	122					232
Unit-linked financial investments			17,659				17,659
Other investments		115					115
Total financial investments	**110**	**2,276**	**17,783**	**52,281**	**2,468**	**1,571**	**76,489**

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

Ageas holds some financial investments as underlying items of its participating contracts. See note 4.1.1.

1.1
Debt securities

The following table shows the break-down of debt securities by measurement category.

	30 June 2023 Carrying value	30 June 2023 of which changes in values recognised in OCI	31 December 2022 Carrying value	31 December 2022 of which changes in values recognised in OCI
FVTPL mandatory				
Government bonds				
Corporate debt securities	12		21	
Unquoted investment funds & others	1,562		1,556	
Total debt securities mandatorily measured at FVTPL	**1,574**		**1,577**	
FVTPL designated				
Government bonds				
Corporate debt securities	120		124	
Unquoted investment funds & others				
Total debt securities designated at FVTPL	**120**		**124**	
FVOCI				
Government bonds	28,805	(1,037)	28,176	(1,271)
Corporate debt securities	12,526	(1,215)	12,712	(1,331)
Unquoted investment funds & others	2,753	(616)	2,699	(604)
Total debt securities measured at FVOCI	**44,084**	**(2,868)**	**43,587**	**(3,206)**
Amortised cost				
Government bonds	51		55	
Corporate debt securities	20		20	
Total debt securities measured at amortised cost before impairment	71		75	
Less impairment allowances				
Total debt securities measured at amortised cost	**71**		**75**	
Total carrying amount of debt securities	**45,849**		**45,363**	

The “Unquoted investment funds & others” are mainly investments in unconsolidated structured credit instruments and equity funds of which the contractual cash flows do not consist of solely payments of principal and interest on the principal amount outstanding.

The following table shows the changes in the provision for impairment on debt securities measured at Fair Value through OCI.

2023	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**14**	**7**	**23**		**44**
New financial assets acquired	1				1
Maturity, redemption or repayment	(1)				(1)
Reversal due to sales					
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance	18				18
Transfer from Stage 1	2				2
Transfer from Stage 2					
Transfer from Stage 3					
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes					
Balance as at 30 June	**34**	**7**	**23**		**64**

2022	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**6**	**10**	**21**		**37**
New financial assets acquired	3		(1)		2
Maturity, redemption or repayment	(1)				(1)
Reversal due to sales	(1)	(1)			(2)
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance	7	(2)	3		8
Transfer from Stage 1					
Transfer from Stage 2					
Transfer from Stage 3					
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes					
Balance as at 31 December	**14**	**7**	**23**		**44**

1.2
Loans

The following table shows the break-down of loans by measurement category.

	30 June 2023 Carrying value	30 June 2023 of which changes in values recognised in OCI	31 December 2022 Carrying value	31 December 2022 of which changes in values recognised in OCI
FVTPL mandatory				
Government and official institutions	141		141	
Commercial loans	221		201	
Residential mortgages				
Interest bearing deposits				
Loans to banks				
Total loans mandatorily measured at FVTPL	**362**		**342**	
FVOCI				
Government and official institutions	4,156	(610)	4,057	(631)
Commercial loans	3,344	(411)	3,207	(454)
Residential mortgages	1,197	(106)	1,227	(117)
Interest bearing deposits	31		32	
Loans to banks	160	(9)	171	(6)
Total loans measured at FVOCI	**8,888**	**(1,136)**	**8,694**	**(1,208)**
Amortised cost				
Government and official institutions				
Commercial loans	890		926	
Residential mortgages				
Interest bearing deposits	535		535	
Loans to banks	68		37	
Total loans measured at amortised cost before impairment	**1,493**		**1,498**	
Less impairment allowances	(4)		(2)	
Total loans measured at amortised cost	**1,489**		**1,496**	
Total carrying amount of loans	**10,739**		**10,532**	

The following table shows the break-down of commercial loans.

	30 June 2023	31 December 2022
Real Estate	218	207
Infrastructure	1,844	1,733
Corporate loans	2,112	2,110
Consumer loans		
Financial Reinsurance		
Finance Lease Receivables	267	271
Other	14	13
Total commercial loans	**4,455**	**4,334**

The following table shows the changes in the provision for impairment for loans measured at FVOCI.

2023	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**5**		**23**		**28**
New financial assets acquired					
Maturity, redemption or repayment					
Reversal due to sales					
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance	3				3
Transfer from Stage 1		1			1
Transfer from Stage 2		(1)	1		
Transfer from Stage 3					
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes	1		(2)		(1)
Balance as at 30 June	**9**		**22**		**31**

2022	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**8**	**1**	**23**		**32**
New financial assets acquired					
Maturity, redemption or repayment					
Reversal due to sales			(2)		(2)
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance	(3)		1		(2)
Transfer from Stage 1					
Transfer from Stage 2		(4)	1		(3)
Transfer from Stage 3		3			3
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes					
Balance as at 31 December	**5**		**23**		**28**

The following table shows the changes in the provision for impairment for loans measured at Amortised Cost.

2023	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**1**		**1**		**2**
New financial assets acquired					
Maturity, redemption or repayment					
Reversal due to sales					
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance	2				2
Transfer from Stage 1					
Transfer from Stage 2					
Transfer from Stage 3					
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes					
Balance as at 30 June	**3**		**1**		**4**

2022	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased or originated credit impaired	Total expected credit loss
Balance as at 1 January	**1**		**1**		**2**
Transfer to Held for Sale					
New financial assets acquired					
Maturity, redemption or repayment					
Reversal due to sales					
Effect of changes as result of acquisitions and divestments					
Net remeasurement of loss allowance					
Transfer from Stage 1					
Transfer from Stage 2					
Transfer from Stage 3					
Write-offs without further legal enforcement					
Write-offs with further legal enforcement					
Other changes					
Balance as at 31 December	**1**		**1**		**2**

1.3 Equity investments

The following table shows the break-down of equity investments by measurement category.

	30 June 2023		31 December 2022	
	Carrying value	Of which changes in values recognised in OCI	Carrying value	Of which changes in values recognised in OCI
FVTPL				
Private equities and venture capital	116		120	
Equity securities				
Total equity investments measured at FVTPL	**116**		**120**	
FVOCI				
Private equities and venture capital	1	(5)		
Equity securities	2,884	257	2,468	(320)
Total equity investments measured at FVOCI	**2,885**	**252**	**2,468**	**(320)**
Total carrying amount of equity investments	**3,001**		**2,588**	

2 Investment property

Investment property comprises mainly office buildings, senior homes and retail space.

Ageas holds some investment property as underlying items of its participating contracts and measures these at fair value through profit or loss. See note 4.1.1.

Carrying value

	30 June 2023	31 December 2022
Investment property	3,176	3,037
Impairments of investment property	(23)	(7)
Total investment property	**3,153**	**3,030**

Fair value

Independent appraisers perform annual appraisals on the investment properties. These appraisers are knowledgeable about the location and category of the investment property and are rotated every three years. 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.

	30 June 2023	31 December 2022
Fair values supported by market evidence	705	579
Fair value subject to an independent valuation	3,544	3,627
Total fair value of investment property	**4,249**	**4,206**
Carrying amount (excluding investment property measured at fair value)	3,153	3,030
Less: lease liabilities	(61)	(61)
Gross unrealised gains (losses)	**1,157**	**1,237**
Taxation	(333)	(343)
Net unrealised gains (losses) (not recognised in equity)	**824**	**894**

3 Property and equipment

The breakdown of property and equipment is as follows:

	30 June 2023	31 December 2022
Car Parks	1,438	1,430
Land and buildings held for own use	620	608
Leasehold improvements	54	47
Equipment, motor vehicles and IT equipment	132	142
Buildings under construction		
Total	**2,244**	**2,227**

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

	30 June 2023	31 December 2022
Total fair value of Land and buildings held for own use and car parks	**2,280**	**2,231**
Total carrying amount	2,058	2,038
Lease liability	(552)	(540)
Gross unrealised gains (losses)	**774**	**733**
Taxation	(210)	(200)
Net unrealised gains (losses) (not recognised in equity)	**564**	**533**

4 Insurance contracts assets and liabilities

4.1 Assets and liabilities of Life insurance contracts issued

An analysis of the amounts presented in the statement of financial position is included in the table below:

30 June 2023	Notes	Assets	Liabilities	Total
Cash flows included in measurement of group of insurance contracts				
BBA	4.1.1	(5)	50,453	50,448
VFA	4.1.1		893	893
PAA	4.1.2		4,072	4,072
Cash flows not included in measurement of group of insurance contracts				
Acquisition costs				
- *Immediately expensed (PAA)*				
- *Not yet included in measurement*				
Other				
Total liabilities/(assets) of life insurance contracts issued		**(5)**	**55,418**	**55,413**

31 December 2022	Notes	Assets	Liabilities	Total
Cash flows included in measurement of group of insurance contracts				
BBA	4.1.1	(5)	50,425	50,420
VFA	4.1.1		831	831
PAA	4.1.2		4,157	4,157
Cash flows not included in measurement of group of insurance contracts				
Acquisition costs				
- *Immediately expensed (PAA)*				
- *Not yet included in measurement*				
Other			37	37
Total liabilities/(assets) of life insurance contracts issued		**(5)**	**55,450**	**55,445**

4.1.1 Roll-forwards of net asset or liability for Life insurance contracts – Contracts not measured under PAA

Analysis by remaining coverage and incurred claims – Contracts not measured under PAA (Life)

2023	Liabilities for remaining coverage: Excluding Loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims	Total
Opening assets	(7)		2	(5)
Opening liabilities	50,837	93	326	51,256
Net balance as at 1 January	**50,830**	**93**	**328**	**51,251**
Contracts under the modified retrospective approach				
Contracts under fair value approach	(427)			(427)
Contracts under full retrospective approach and post transition	(188)			(188)
Insurance revenue	**(615)**			**(615)**
Incurred claims and other insurance service expense		(3)	421	418
Amortisation of insurance acquisition cash flows	16			16
Adjustments to liabilities for incurred claims				
Losses and reversals of losses on onerous contracts		(11)		(11)
Insurance service expenses	**16**	**(14)**	**421**	**423**
Insurance service result	**(599)**	**(14)**	**421**	**(192)**
Net finance expenses from insurance contracts	**1,058**			**1,058**
- Of which foreign exchange differences	(17)			(17)
Total changes in the income statement and OCI	**459**	**(14)**	**421**	**866**
Investment components	**(2,614)**		**2,614**	
Premiums received	2,284			2,284
Insurance acquisition cash flows	(27)			(27)
Claims and other insurance service expense paid			(3,033)	(3,033)
Total cash flows	**2,257**		**(3,033)**	**(776)**
Other changes in net carrying amounts				
Acquisition / divestments of subsidiaries				
Net balance as at 30 June	**50,932**	**79**	**330**	**51,341**
Closing assets	(7)		2	(5)
Closing liabilities	50,939	79	328	51,346
Net balance as at 30 June	**50,932**	**79**	**330**	**51,341**

2022	Liabilities for remaining coverage Excluding Loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Total
Opening assets	(14)		2	(12)
Opening liabilities	66,476	108	321	66,905
Net balance as at 1 January	**66,462**	**108**	**323**	**66,893**
Transfer to Held for Sale	(4,868)			(4,868)
Contracts under the modified retrospective approach				
Contracts under fair value approach	(735)			(735)
Contracts under full retrospective approach and post transition	(340)			(340)
Insurance revenue	**(1,075)**			**(1,075)**
Incurred claims and other insurance service expense		(7)	670	663
Amortisation of insurance acquisition cash flows	17			17
Adjustments to liabilities for incurred claims			9	9
Losses and reversals of losses on onerous contracts		(8)		(8)
Insurance service expenses	**17**	**(15)**	**679**	**681**
Insurance service result	**(1,058)**	**(15)**	**679**	**(394)**
Net finance expenses from insurance contracts	**(10,255)**		**(1)**	**(10,256)**
- Of which foreign exchange differences	(159)			(159)
Total changes in the income statement and OCI	**(11,313)**	**(15)**	**678**	**(10,650)**
Investment components	**(4,825)**		**4,825**	
Premiums received	3,813			3,813
Insurance acquisition cash flows	(57)			(57)
Claims and other insurance service expense paid			(5,498)	(5,498)
Total cash flows	**3,757**		**(5,498)**	**(1,741)**
Other changes in net carrying amounts	12			12
Acquisition / divestments of subsidiaries	1,605			1,605
Net balance as at 31 December	**50,830**	**93**	**328**	**51,251**
Closing assets	(7)		2	(5)
Closing liabilities	50,837	93	326	51,256
Net balance as at 31 December	**50,830**	**93**	**328**	**51,251**

Analysis by component - Contracts not measured under PAA (Life)

			Contractual service margin				
2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Contracts under full retrospective approach	Total CSM	Total
Opening assets	(20)	5		10		10	(5)
Opening liabilities	47,494	312		2,469	981	3,450	51,256
Net balance as at 1 January	**47,474**	**317**		**2,479**	**981**	**3,460**	**51,251**
Changes that relate to future service							
Changes in the estimates that adjust the CSM	24	8		(34)	2	(32)	
Changes in estimates that result in losses and reversal of losses on onerous contracts	(11)						(11)
Contracts initially recognised in the period	(144)	15			129	129	
Changes that relate to current service							
CSM recognised for current services				(132)	(41)	(173)	(173)
Change in the risk adjustment for non-financial risk		(15)					(15)
Experience adjustment	7						7
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims							
Insurance service result	**(124)**	**8**		**(166)**	**90**	**(76)**	**(192)**
Net finance expenses from insurance contracts	**932**	**6**		**115**	**6**	**121**	**1,059**
- Of which foreign exchange differences	(16)			(1)		(1)	(17)
Total changes in the income statement and OCI	**808**	**14**		**(51)**	**96**	**45**	**867**
Net cash flows	(777)						(777)
Other changes in the net carrying amount							
Acquisition / divestments of subsidiaries							
Net balance as at 30 June	**47,505**	**331**		**2,428**	**1,077**	**3,505**	**51,341**
Closing assets	(20)	5		10		10	(5)
Closing liabilities	47,525	326		2,418	1,077	3,495	51,346
Net balance as at 30 June	**47,505**	**331**		**2,428**	**1,077**	**3,505**	**51,341**

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin				Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Contracts under full retrospective approach	Total CSM	
Opening assets	(32)	8		11		11	(13)
Opening liabilities	58,636	280		2,544	576	3,120	62,036
Net balance as at 1 January	**58,604**	**288**		**2,555**	**576**	**3,131**	**62,023**
Transfer to Held for Sale	(4,761)	(54)	(53)			(53)	(4,868)
Changes that relate to future service							
Changes in the estimates that adjust the CSM	(389)	73		67	248	315	(1)
Changes in estimates that result in losses and reversal of losses on onerous contracts	(2)	(5)					(7)
Contracts initially recognised in the period	(250)	24			226	226	
Changes that relate to current service							
CSM recognised for current services				(281)	(75)	(356)	(356)
Change in the risk adjustment for non-financial risk		(21)					(21)
Experience adjustment	(18)						(18)
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims	9						9
Insurance service result	**(650)**	**71**		**(214)**	**399**	**185**	**(394)**
Net finance expenses from insurance contracts	**(10,281)**	**(60)**		**79**	**6**	**85**	**(10,256)**
- Of which foreign exchange differences	(151)	(2)		(6)		(6)	(159)
Total changes in the income statement and OCI	**(10,931)**	**11**		**(135)**	**405**	**270**	**(10,650)**
Net cash flows	(1,741)						(1,741)
Other changes in the net carrying amount	12						12
Acquisition / divestments of subsidiaries	1,530	18		59		59	1,607
Net balance as at 31 December	**47,474**	**317**		**2,479**	**981**	**3,460**	**51,251**
Closing assets	(20)	5		10		10	(5)
Closing liabilities	47,494	312		2,469	981	3,450	51,256
Net balance as at 31 December	**47,474**	**317**		**2,479**	**981**	**3,460**	**51,251**

Composition of underlying items of contracts measured under the variable fee approach

	Note	30 June 2023	31 December 2022
Cash and cash equivalents			10
Financial investments	*1*		
- Debt securities	*1.1*	596	532
- Equity investments	*1.3*	319	305
- Other investments		2	22
Investment property	*2*		
Total underlying items of contracts measured at variable fee approach		917	869

4.1.2 Roll-forwards of net asset or liability for Life insurance contracts – Contracts measured under PAA

Analysis by remaining coverage and incurred claims – Contracts measured under PAA (Life)

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	Excl. Loss component	Loss component	Estimates of future cash flows	Risk adjustment	Total
Opening assets					
Opening liabilities	4,051		105	1	4,157
Net balance as at 1 January	**4,051**		**105**	**1**	**4,157**
Insurance revenue	**(118)**				**(118)**
Incurred claims and other insurance service expense			62	1	63
Amortisation of insurance acquisition cash flows					
Adjustments to liabilities for incurred claims			(5)	(1)	(6)
Losses and reversals of losses on onerous contracts					
Insurance service expenses			**57**		**57**
Insurance service result	**(118)**		**57**		**(61)**
Net finance expenses from insurance contracts	181				181
- Of which foreign exchange differences					
Total changes in the income statement and OCI	**63**		**57**		**120**
Investment components	**(250)**		**250**		
Premiums received	104				104
Insurance acquisition cash flows					
Claims and other insurance service expense paid			(309)		(309)
Total cash flows	**104**		**(309)**		**(205)**
Other changes in net carrying amounts					
Acquisition / divestments of subsidiaries					
Net balance as at 30 June	**3,968**		**103**	**1**	**4,072**
Closing assets					
Closing liabilities	3,968		103	1	4,072
Net balance as at 30 June	**3,968**		**103**	**1**	**4,072**

2022	Liabilities for remaining coverage: Excl. Loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims: Estimates of future cash flows	Liabilities for incurred claims: Risk adjustment	Total
Opening assets					
Opening liabilities	5,178		90	1	5,269
Net balance as at 1 January	**5,178**		**90**	**1**	**5,269**
Insurance revenue	**(222)**				**(222)**
Incurred claims and other insurance service expense			106		106
Amortisation of insurance acquisition cash flows					
Adjustments to liabilities for incurred claims			(7)		(7)
Losses and reversals of losses on onerous contracts					
Insurance service expenses			**99**		**99**
Insurance service result	**(222)**		**99**		**(123)**
Net finance expenses from insurance contracts	(715)		(1)		(716)
- Of which foreign exchange differences					
Total changes in the income statement and OCI	**(937)**		**98**		**(839)**
Investment components	**(391)**		**391**		
Premiums received	203				203
Insurance acquisition cash flows	(2)				(2)
Claims and other insurance service expense paid			(474)		(474)
Total cash flows	**201**		**(474)**		**(273)**
Other changes in net carrying amounts					
Acquisition / divestments of subsidiaries					
Net balance as at 31 December	**4,051**		**105**	**1**	**4,157**
Closing assets					
Closing liabilities	4,051		105	1	4,157
Net balance as at 31 December	**4,051**		**105**	**1**	**4,157**

4.1.3 Effect of Life insurance contracts initially recognised in the period

30 June 2023	Profitable contracts	Onerous contracts	Total	Of which acquired Profitable contracts	Of which acquired Onerous contracts
Estimates of present value of cash outflows, including:	**1,976**		**1,976**		
- *Insurance acquisition cash flows*	*30*		*30*		
- *Claims and other insurance service expenses payable*	*1,946*		*1,946*		
Estimates of present value of cash inflows	**(2,120)**		**(2,120)**		
Total estimates of present value of future cash flows	**(144)**		**(144)**		
Risk adjustment for non-financial risk	15		15		
Contractual service margin recognised on initial recognition	129		129		
Losses recognised on initial recognition					

31 December 2022	Profitable contracts	Onerous contracts	Total	Of which acquired Profitable contracts	Of which acquired Onerous contracts
Estimates of present value of cash outflows, including:	**3,426**	**7**	**3,433**		
- *Insurance acquisition cash flows*	*65*		*65*		
- *Claims and other insurance service expenses payable*	*3,361*	*7*	*3,368*		
Estimates of present value of cash inflows	**(3,677)**	**(6)**	**(3,683)**		
Total estimates of present value of future cash flows	**(251)**	**1**	**(250)**		
Risk adjustment for non-financial risk	25		25		
Contractual service margin recognised on initial recognition	226		226		
Losses recognised on initial recognition		**1**	**1**		

4.2
Assets and liabilities arising from Non-Life insurance contracts issued

An analysis of the amounts presented in the statement of financial position is included in the table below:

30 June 2023	Notes	Assets	Liabilities	Total
Cash flows included in measurement of group of insurance contracts				
BBA	4.2.1		343	343
PAA	4.2.2	(16)	6,979	6,963
Cash flows not included in measurement of group of insurance contracts				
Acquisition costs			1	1
- *Immediately expensed (PAA)*			*1*	*1*
- *Not yet included in measurement*				
Other				
Total liabilities/(assets) of non-life insurance contracts issued		**(16)**	**7,323**	**7,307**

31 December 2022	Notes	Assets	Liabilities	Total
Cash flows included in measurement of group of insurance contracts				
BBA	4.2.1		338	338
PAA	4.2.2	(14)	6,740	6,726
Cash flows not included in measurement of group of insurance contracts				
Acquisition costs				
- *Immediately expensed (PAA)*				
- *Not yet included in measurement*				
Other		1	44	45
Total liabilities/(assets) of non-life insurance contracts issued		**(13)**	**7,122**	**7,109**

4.2.1 Roll-forwards of net asset or liability for Non-Life insurance contracts – Contracts not measured under PAA

Analysis by remaining coverage and incurred claims – Contracts not measured under PAA (Non-Life)

	Liabilities for remaining coverage			
2023	Excluding Loss component	Loss component	Liabilities for incurred claims	Total
Opening assets				
Opening liabilities	280	58		338
Net balance as at 1 January	**280**	**58**		**338**
Contracts under the modified retrospective approach	(27)			(27)
Contracts under fair value approach				
Contracts under full retrospective approach and post transition	(7)			(7)
Insurance revenue	**(34)**			**(34)**
Incurred claims and other insurance service expense		(3)	19	16
Amortisation of insurance acquisition cash flows				
Adjustments to liabilities for incurred claims			16	16
Losses and reversals of losses on onerous contracts		(1)		(1)
Insurance service expenses		**(4)**	**35**	**31**
Insurance service result	**(34)**	**(4)**	**35**	**(3)**
Net finance expenses from insurance contracts	**(6)**			**(6)**
- Of which foreign exchange differences				
Total changes in the income statement and OCI	**(40)**	**(4)**	**35**	**(9)**
Investment components				
Premiums received	51			51
Insurance acquisition cash flows	(1)			(1)
Claims and other insurance service expense paid			(35)	(35)
Total cash flows	**49**		**(35)**	**14**
Other changes in net carrying amounts				
Acquisition / divestments of subsidiaries				
Net balance as at 30 June	**289**	**54**		**343**
Closing assets				
Closing liabilities	289	54		343
Net balance as at 30 June	**289**	**54**		**343**

2022	Liabilities for remaining coverage Excluding Loss component	 Loss component	Liabilities for incurred claims	Total
Opening assets				
Opening liabilities	288	72	2	362
Net balance as at 1 January	**288**	**72**	**2**	**362**
Contracts under the modified retrospective approach	(55)			(55)
Contracts under fair value approach	1			1
Contracts under full retrospective approach and post transition	(18)			(18)
Insurance revenue	**(72)**			**(72)**
Incurred claims and other insurance service expense		(4)	45	41
Amortisation of insurance acquisition cash flows	1			1
Adjustments to liabilities for incurred claims			19	19
Losses and reversals of losses on onerous contracts		(10)		(10)
Insurance service expenses	**1**	**(14)**	**64**	**51**
Insurance service result	**(71)**	**(14)**	**64**	**(21)**
Net finance expenses from insurance contracts	**(24)**			**(24)**
- Of which foreign exchange differences				
Total changes in the income statement and OCI	**(95)**	**(14)**	**64**	**(45)**
Investment components				
Premiums received	91			91
Insurance acquisition cash flows	(3)			(3)
Claims and other insurance service expense paid			(66)	(66)
Total cash flows	**87**		**(66)**	**21**
Other changes in net carrying amounts				
Acquisition / divestments of subsidiaries				
Net balance as at 31 December	**280**	**58**		**338**
Closing assets				
Closing liabilities	280	58		338
Net balance as at 31 December	**280**	**58**		**338**

Analysis by component – Contracts not measured under PAA (Non-Life)

			Contractual service margin				
2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Contracts under full retrospective approach	Total CSM	Total
Opening assets							
Opening liabilities	136	24	127		51	178	338
Net balance as at 1 January	**136**	**24**	**127**		**51**	**178**	**338**
Changes that relate to future service							
Changes in the estimates that adjust the CSM			1		(1)		
Changes in estimates that result in losses and reversal of losses on onerous contracts	(4)	2					(2)
Contracts initially recognised in the period	(2)	1			3	3	2
Changes that relate to current service							
CSM recognised for current services			(3)		(1)	(4)	(4)
Change in the risk adjustment for non-financial risk		(1)					(1)
Experience adjustment	(15)						(15)
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims	16						16
Insurance service result	**(5)**	**2**	**(2)**		**1**	**(1)**	**(4)**
Net finance expenses from insurance contracts	**(8)**		**2**			**2**	**(6)**
- Of which foreign exchange differences							
Total changes in the income statement and OCI	**(13)**	**2**			**1**	**1**	**(10)**
Net cash flows	15						15
Other changes in the net carrying amount							
Acquisition / divestments of subsidiaries							
Net balance as at 30 June	**138**	**26**	**127**		**52**	**179**	**343**
Closing assets							
Closing liabilities	138	26	127		52	179	343
Net balance as at 30 June	**138**	**26**	**127**		**52**	**179**	**343**

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts under modified retrospective approach	Contractual service margin: Contracts under fair value approach	Contractual service margin: Contracts under full retrospective approach	Contractual service margin: Total CSM	Total
Opening assets							
Opening liabilities	171	43	112		35	147	361
Net balance as at 1 January	**171**	**43**	**112**		**35**	**147**	**361**
Changes that relate to future service							
Changes in the estimates that adjust the CSM	(27)	(1)	15		13	28	
Changes in estimates that result in losses and reversal of losses on onerous contracts	(9)	(12)					(21)
Contracts initially recognised in the period	1	4			6	6	11
Changes that relate to current service							
CSM recognised for current services			(3)		(3)	(6)	(6)
Change in the risk adjustment for non-financial risk		(3)					(3)
Experience adjustment	(21)						(21)
Changes that relate to past service							
Changes in fulfilment cash flows relating to incurred claims	19						19
Insurance service result	**(37)**	**(12)**	**12**		**16**	**28**	**(21)**
Net finance expenses from insurance contracts	**(19)**	**(7)**	**3**			**3**	**(23)**
- Of which foreign exchange differences							
Total changes in the income statement and OCI	**(56)**	**(19)**	**15**		**16**	**31**	**(44)**
Net cash flows	21						21
Other changes in the net carrying amount							
Acquisition / divestments of subsidiaries							
Net balance as at 31 December	**136**	**24**	**127**		**51**	**178**	**338**
Closing assets							
Closing liabilities	136	24	127		51	178	338
Net balance as at 31 December	**136**	**24**	**127**		**51**	**178**	**338**

4.2.2 Roll-forwards of net asset or liability for Non-Life insurance contracts – Contracts measured under PAA

Analysis by remaining coverage and incurred claims – Contracts measured under PAA (Non-Life)

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	Excl. Loss component	Loss component	Estimates of future future cash flows	Risk adjustment	Total
Opening assets	1		(15)		(14)
Opening liabilities	1,070		5,459	211	6,740
Net balance as at 1 January	**1,071**		**5,444**	**211**	**6,726**
Insurance revenue	**(2,329)**				**(2,329)**
Incurred claims and other insurance service expense			1,582	33	1,615
Amortisation of insurance acquisition cash flows	1				1
Adjustments to liabilities for incurred claims			(97)	(55)	(152)
Losses and reversals of losses on onerous contracts					
Insurance service expenses	**1**		**1,485**	**(22)**	**1,464**
Insurance service result	**(2,328)**		**1,485**	**(22)**	**(865)**
Net finance expenses from insurance contracts	**20**		**137**	**7**	**164**
- Of which foreign exchange differences	20		52	3	75
Total changes in the income statement and OCI	**(2,308)**		**1,622**	**(15)**	**(701)**
Investment components	**(9)**		**9**		
Premiums received	2,547				2,547
Insurance acquisition cash flows	(1)				(1)
Claims and other insurance service expense paid			(1,608)		(1,608)
Total cash flows	**2,546**		**(1,608)**		**938**
Other changes in net carrying amounts					
Acquisition / divestments of subsidiaries					
Net balance as at 30 June	**1,300**		**5,467**	**196**	**6,963**
Closing assets	2		(18)		(16)
Closing liabilities	1,298		5,485	196	6,979
Net balance as at 30 June	**1,300**		**5,467**	**196**	**6,963**

	Liabilities for remaining coverage		Liabilities for incurred claims		
2022	Excl. Loss component	Loss component	Estimates of future future cash flows	Risk adjustment	Total
Opening assets	1		(21)		(20)
Opening liabilities	1,155	13	6,316	259	7,743
Net balance as at 1 January	**1,156**	**13**	**6,295**	**259**	**7,723**
Insurance revenue	**(4,594)**				**(4,594)**
Incurred claims and other insurance service expense			3,368	65	3,433
Amortisation of insurance acquisition cash flows	2				2
Adjustments to liabilities for incurred claims			(157)	(71)	(228)
Losses and reversals of losses on onerous contracts		(13)			(13)
Insurance service expenses	**2**	**(13)**	**3,211**	**(6)**	**3,194**
Insurance service result	**(4,592)**	**(13)**	**3,211**	**(6)**	**(1,400)**
Net finance expenses from insurance contracts	**(29)**		**(981)**	**(41)**	**(1,051)**
- Of which foreign exchange differences	(29)		(97)	(6)	(132)
Total changes in the income statement and OCI	**(4,621)**	**(13)**	**2,230**	**(47)**	**(2,451)**
Investment components	**(13)**		**13**		
Premiums received	4,554				4,554
Insurance acquisition cash flows	(3)				(3)
Claims and other insurance service expense paid			(3,092)		(3,092)
Total cash flows	**4,551**		**(3,092)**		**1,459**
Other changes in net carrying amounts	(2)		(2)	(1)	(5)
Acquisition / divestments of subsidiaries					
Net balance as at 31 December	**1,071**		**5,444**	**211**	**6,726**
Closing assets	1		(15)		(14)
Closing liabilities	1,070		5,459	211	6,740
Net balance as at 31 December	**1,071**		**5,444**	**211**	**6,726**

4.2.3 Effect of Non-Life insurance contracts initially recognised in the period

The tables below show the effect for the contracts not measured under the PAA.

30 June 2023	Profitable contracts	Onerous contracts	Total	Of which acquired: Profitable contracts	Of which acquired: Onerous contracts
Estimates of present value of cash outflows, including:	**33**	**5**	**38**		
- *Insurance acquisition cash flows*	*1*		*1*		
- *Claims and other insurance service expenses payable*	*32*	*5*	*37*		
Estimates of present value of cash inflows	**(35)**	**(5)**	**(40)**		
Total estimates of present value of future cash flows	**(2)**		**(2)**		
Risk adjustment for non-financial risk		1	1		
Contractual service margin recognised on initial recognition	2		2		
Losses recognised on initial recognition		**1**	**1**		

31 December 2022	Profitable contracts	Onerous contracts	Total	Of which acquired: Profitable contracts	Of which acquired: Onerous contracts
Estimates of present value of cash outflows, including:	**75**	**19**	**94**		
- *Insurance acquisition cash flows*	*2*	*2*	*4*		
- *Claims and other insurance service expenses payable*	*73*	*17*	*90*		
Estimates of present value of cash inflows	**(81)**	**(13)**	**(94)**		
Total estimates of present value of future cash flows	**(6)**	**6**			
Risk adjustment for non-financial risk		4	4		
Contractual service margin recognised on initial recognition	6		6		
Losses recognised on initial recognition		**10**	**10**		

5 Reinsurance contracts assets and liabilities

5.1 Assets and liabilities arising from reinsurance contracts

An analysis of the amounts presented in the statement of financial position is included in the table below:

30 June 2023	Notes	Assets	Liabilities	Total
Life reinsurance BBA				
Life reinsurance PAA		11		11
Total life reinsurance contracts held		**11**		**11**
Non-life reinsurance BBA				
Non-life reinsurance PAA		678		678
Total non-life reinsurance contracts held		**678**		**678**
Reinsurance PAA	*5.2*	689		689
Total assets/(liabilities) of reinsurance contracts held		**689**		**689**

31 December 2022	Notes	Assets	Liabilities	Total
Life reinsurance BBA				
Life reinsurance PAA		7		7
Total life reinsurance contracts held		**7**		**7**
Non-life reinsurance BBA				
Non-life reinsurance PAA		670		670
Total non-life reinsurance contracts held		**670**		**670**
Reinsurance PAA	*5.2*	677		677
Total assets/(liabilities) of reinsurance contracts held		**677**		**677**

5.2
Roll-forward of net asset or liability for reinsurance contracts by measurement model: PAA

Analysis by remaining coverage and incurred claims – PAA (Reinsurance)

	Remaining coverage component		Incurred claims component		
2023	Excl. Loss recovery comp.	Loss recovery comp.	Estimates of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	43		593	41	677
Opening liabilities					
Net balance as at 1 January	**43**		**593**	**41**	**677**
Allocation of reinsurance premiums	(152)				(152)
Recoveries of incurred claims and other insurance service expenses			57	3	60
Recoveries and reversals of recoveries of losses on onerous underlying contracts					
Adjustments to assets for incurred claims			(5)	(7)	(12)
Amounts recoverable from reinsurers			**52**	**(3)**	**49**
Effect of changes in non-performance risk of reinsurers					
Net expenses from reinsurance contracts held	**(152)**		**52**	**(3)**	**(103)**
Net finance income from reinsurance contracts held			**12**	**2**	**14**
- Of which foreign exchange differences			11	1	12
Total changes in the income statement and OCI	**(152)**		**64**	**(1)**	**(89)**
Investment components	**(36)**		**36**		
Premiums paid	193				193
Amounts received from reinsurance			(92)		(92)
Total cash flows	**193**		**(92)**		**101**
Other changes in the net carrying amount					
Acquisition / divestments of subsidiaries					
Net balance as at 30 June	**48**		**601**	**40**	**689**
Closing assets	48		601	40	689
Closing liabilities					
Net balance as at 30 June	**48**		**601**	**40**	**689**

2022	Remaining coverage component Excl. Loss recovery comp.	 Loss recovery comp.	Incurred claims component Estimates of future cash flows	 Risk adjustment for non-financial risk	Total
Opening assets	30		759	59	848
Opening liabilities	(6)		4		(2)
Net balance as at 1 January	**24**		**763**	**59**	**846**
Allocation of reinsurance premiums	(294)				(294)
Recoveries of incurred claims and other insurance service expenses			161	6	167
Recoveries and reversals of recoveries of losses on onerous underlying contracts					
Adjustments to assets for incurred claims			21	(6)	15
Amounts recoverable from reinsurers			182	1	183
Effect of changes in non-performance risk of reinsurers					
Net expenses from reinsurance contracts held	**(294)**		**182**	**1**	**(111)**
Net finance income from reinsurance contracts held	**(1)**		**(210)**	**(19)**	**(230)**
- Of which foreign exchange differences			(20)	(2)	(22)
Total changes in the income statement and OCI	**(295)**		**(28)**	**(18)**	**(341)**
Investment components	**(78)**		**78**		
Premiums paid	392				392
Amounts received from reinsurance			(220)		(220)
Total cash flows	**392**		**(220)**		**172**
Other changes in the net carrying amount					
Acquisition / divestments of subsidiaries					
Net balance as at 31 December	**43**		**593**	**41**	**677**
Closing assets	43		593	41	677
Closing liabilities					
Net balance as at 31 December	**43**		**593**	**41**	**677**

6 Borrowings

	30 June 2023	31 December 2022
FVTPL		
Other borrowings		
Total borrowings measured at FVTPL		
Amortised cost		
Repurchase agreements	2,899	2,135
Due to banks	923	899
Lease liabilities	637	630
Other borrowings	68	63
Debt certificates		
Total borrowings and debt certificates measured at amortised cost	**4,527**	**3,727**
Total borrowings and debt certificates	**4,527**	**3,727**

Ageas has pledged property as collateral for borrowings with a carrying amount of EUR 106 million (2022: EUR 159 million).

	30 June 2023	31 December 2022
Balance as at 1 January	**3,727**	**3,522**
Transfer to Held for Sale		(3)
Change in accounting policy		
Acquisition and divestment of subsidiaries		150
Proceeds from issuance	1,836	226
Payments	(1,034)	(167)
Foreign exchange differences		
Realised and unrealised gains (losses)		
Other	(2)	(1)
Balance at end of period	**4,527**	**3,727**

7 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 16 Contingent liabilities, which describes the various ongoing litigation proceedings.

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 period are as follows.

	30 June 2023	31 December 2022
Balance as at 1 January	**72**	**182**
Transfer to Held for Sale		(3)
Acquisition and divestment of subsidiaries		
Increase (Decrease) in provisions	(2)	1
Utilised during the year		(109)
Foreign exchange differences	1	(1)
Other	4	2
Balance at end of period	**75**	**72**

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 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 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 was reasonable and that the claimant organisations Deminor, SICAF and FortisEffect were 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 became final. The claims filing period started on 27 July 2018 and ended on 28 July 2019. As at 30 June 2023, an amount of EUR 1,309 million had been paid out to Eligible Shareholders.

On 23 June 2022, Ageas announced that, except for a limited number of unresolved claims, the settlement would be closed. Final payments followed at the end of August 2022. The potential costs that Ageas has agreed to bear for the unresolved claims have been provided for in the remaining provision of EUR 0.9 million.

8 Subordinated liabilities

	30 June 2023	31 December 2022
Amortised cost		
Issued by Ageasfinlux S.A.		
FRESH Restricted Tier 1 Notes	151	151
Issued by Ageas SA/NV		
Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes	746	744
Subordinated Fixed to Floating Rate Tier 2 Notes	991	991
Issued by AG Insurance		
Subordinated Fixed to Floating Rate Tier 2 Loan	74	74
Fixed Rate Reset Dated Subordinated Tier 2 Notes	398	398
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 measured at amortised cost	**2,519**	**2,517**

	30 June 2023	31 December 2022
Balance as at 1 January	**2,517**	**2,748**
Proceeds from issuance		
Redemption		
Realised gains (losses)		
Foreign exchange differences		
Other	2	(231)
Balance at end of period	**2,519**	**2,517**

Other EUR (231) million is related to the acquisition of FRESH securities in the fourth quarter of 2022.

9 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 (see Note 16 Contingent liabilities). CASHES are exchangeable securities that are exchanged 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 part of the Fortis group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the CASHES valued at fair value 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. 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 exchanged 7,553 tendered CASHES securities into Ageas shares; Ageas agreed to pay a EUR 287 million indemnity to BNP Paribas as the exchange triggered a pro rata cancellation of the RPN(I) liability.

In May 2015 Ageas and BNP Paribas agreed that BNP Paribas could purchase CASHES from individual investors at any given time, under the condition that the purchased securities would be exchanged into Ageas shares; at such exchange the pro rata part of the RPN(I) liability would be paid to BNP Paribas, while Ageas would receive a break-up fee which was subject to the price at which BNP Paribas succeeded in purchasing CASHES.

BNP Paribas purchased and exchanged 656 CASHES under this agreement in the first nine months of 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 was not renewed.

In the second half of 2022 Ageas settled part of the RPN(I) for an amount of EUR 46.6 million.

At 30 June 2023, 3,326 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 is exchanged, less
- the difference between EUR 3,000 million (the aggregate principal amount of CASHES originally issued in 2007) and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding (3,326 at 30 June 2023) 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 basis points. Ageas pledged 5.5% 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 the Ageas share price. The reference amount increased from EUR 334.3 million at year-end 2022 to EUR 401.9 million at 30 June 2023, driven by the increase in the CASHES price from 79.17% at 31 December 2022 to 85.50% at 30 June 2023 and by the decrease in the Ageas share price from EUR 41.42 to EUR 37.11 over the same period.

Sensitivity of RPN(I) value

At 30 June 2023, each 1% increase in the CASHES price, expressed as a percentage of its nominal value, leads to an increase of EUR 8.3 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 3.5 million.

10
Shareholders’ equity

In thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2022	**191,033**	**(5,296)**	**185,737**
Cancelled shares	(1,302)	1,302	
Balance (acquired)/sold		(2,152)	(2,152)
Used for management share plans		71	71
Number of shares as at 31 December 2022	**189,731**	**(6,075)**	**183,656**
Cancelled shares	(1,760)	1,760	
Balance (acquired)/sold			
Used for management share plans			
Number of shares as at 30 June 2023	**187,971**	**(4,315)**	**183,656**

10.1
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 (2023-2026) by the General Meeting of Shareholders of 17 May 2023 to increase the share capital by a maximum amount of EUR 150,000,000.

Applied to an accounting par value of EUR 7.99, this authorisation enables the issuance of up to 18,765,000 shares, representing approximately 10% of the total current share capital of the company. In addition to its use for general purposes, this authorisation enables the company to meet its potential obligations to issue new shares pursuant to the so-called alternative coupon settlement method (ACSM) included in certain hybrid financial instruments (for details see note 16 Contingent liabilities and note 8 Subordinated liabilities).

Treasury shares
Treasury shares are issued ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders’ equity and reported in other reserves.

The total number of treasury shares (4.3 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 (0.3 million) of which 0.3 million shares are used for the vesting of the restricted share programme.

Share buy-back programme
No new share buy-back programme has been announced by Ageas SA/NV after the last one was terminated on 29 July 2022, for an amount of EUR 150 million.

The Extraordinary General Meeting of Shareholders of Ageas SA/NV of 17 May 2023 approved the cancellation of 1,760,000 shares. As a result, the total number of issued shares is reduced to 187,971,187.

10.2
Shares entitled to dividend and voting rights

In thousands	
Number of shares issued as at 30 June 2023	**187,971**
Shares not entitled to dividend and voting rights:	
Shares held by Ageas SA/NV	3,081
Shares related to FRESH (see note 8)	1,219
Shares related to CASHES held by BNP Paribas Fortis SA/NV (see note 16)	3,473
Shares entitled to voting rights and dividend	**180,197**

10.3
Earnings per share

The following table details the calculation of earnings per share.

	First half year 2023	First half year 2022
Net result attributable to shareholders	**531**	**631**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	183,656	184,678
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	150	195
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**183,806**	**184,873**
Basic earnings per share (in euro per share)	2.89	3.42
Diluted earnings per share (in euro per share)	2.89	3.41

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.

Notes to the consolidated income statement

11 Insurance revenue

First half year 2023	Life	Non-Life	Total
Contracts not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
- Expected incurred claims and other insurance service expenses	413	31	444
- Change in risk adjustment for non-financial risk	16	1	17
- CSM recognised for services provided	173	2	175
- Experience adjustment related to premiums	(3)		(3)
Recovery of insurance acquisition cash flows	16		16
Total insurance revenue for contracts not measured under the PAA	615	34	649
Total insurance revenue for contracts measured under the PAA	118	2,329	2,447
Total insurance revenue	**733**	**2,363**	**3,096**

First half year 2022	Life	Non-Life	Total
Contracts not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
- Expected incurred claims and other insurance service expenses	335	32	367
- Change in risk adjustment for non-financial risk	11	1	12
- CSM recognised for services provided	174	5	179
- Experience adjustment related to premiums			
Recovery of insurance acquisition cash flows	8		8
Total insurance revenue for contracts not measured under the PAA	528	38	566
Total insurance revenue for contracts measured under the PAA	114	2,280	2,394
Total insurance revenue	**642**	**2,318**	**2,960**

12 Insurance service expenses

First half year 2023	Life	Non-Life	Total
Contracts not measured under the PAA			
Incurred claims and other insurance service expense	(418)	(16)	(434)
Adjustments to liabilities for incurred claims		(16)	(16)
Losses and reversals of losses on onerous contracts	11	1	12
Amortisation of insurance acquisition cash flows	(16)		(16)
Net impairment loss on assets related to insurance acquisition cash flows			
Total insurance service expenses for contracts not measured under the PAA	**(423)**	**(31)**	**(454)**
Contracts measured under the PAA			
Incurred claims and other insurance service expense	(62)	(1,615)	(1,677)
Adjustments to liabilities for incurred claims	5	152	157
Losses and reversals of losses on onerous contracts			
Amortisation of insurance acquisition cash flows		(1)	(1)
Insurance acquisition cash flows immediately expensed	(12)	(443)	(455)
Net impairment loss on assets related to insurance acquisition cash flows			
Total insurance service expenses for contracts measured under the PAA	**(69)**	**(1,907)**	**(1,976)**
Total insurance service expenses	**(492)**	**(1,938)**	**(2,430)**

First half year 2022	Life	Non-Life	Total
Contracts not measured under the PAA			
Incurred claims and other insurance service expense	(336)	(15)	(351)
Adjustments to liabilities for incurred claims	(3)	(14)	(17)
Losses and reversals of losses on onerous contracts	8	(6)	2
Amortisation of insurance acquisition cash flows	(8)		(8)
Net impairment loss on assets related to insurance acquisition cash flows			
Total insurance service expenses for contracts not measured under the PAA	**(339)**	**(35)**	**(374)**
Contracts measured under the PAA			
Incurred claims and other insurance service expense	(71)	(1,727)	(1,798)
Adjustments to liabilities for incurred claims	5	173	178
Losses and reversals of losses on onerous contracts		10	10
Amortisation of insurance acquisition cash flows		(1)	(1)
Insurance acquisition cash flows immediately expensed	(14)	(481)	(495)
Net impairment loss on assets related to insurance acquisition cash flows			
Total insurance service expenses for contracts measured under the PAA	**(80)**	**(2,026)**	**(2,106)**
Total insurance service expenses	**(419)**	**(2,061)**	**(2,480)**

13 Net finance result

The following table analyses net finance result in OCI and profit or loss.

		First half year 2023				First half year 2022			
	Note	Life	Non-Life	General Account	Total	Life	Non-Life	General Account	Total
Investment return:									
Net investment income /(expense)	13.1 & 13.2	2,070	169	8	2,247	(1,689)	201	1	(1,487)
Change in fair value of financial investments recognised in OCI		638	14	(6)	646	(9,101)	(1,048)	137	(10,012)
Total investment return		**2,708**	**183**	**2**	**2,893**	**(10,790)**	**(847)**	**138**	**(11,499)**
Finance expenses from insurance contracts									
Change in fair value of underlying items of direct participating contracts		(163)			(163)	566			566
Interest accreted and changes in financial assumptions recognised in P&L		(916)	(56)		(972)	97	(40)		57
Effect of changes in interest rates and other financial assumptions recognised in OCI		(266)	(27)		(293)	7,825	707		8,532
Foreign exchange differences		18	(76)		(58)		53		53
Total finance expenses from insurance contracts		**(1,327)**	**(159)**		**(1,486)**	**8,488**	**720**		**9,208**
- *Recognised in profit or loss*		*(1,072)*	*(56)*		*(1,128)*	*237*	*(40)*		*197*
- *Recognised in OCI*		*(254)*	*(103)*		*(357)*	*8,251*	*760*		*9,011*
Finance income from reinsurance contracts held									
Interest accreted and changes in financial assumptions recognised in P&L			7		7	(2)	6		4
Effect of changes in interest rates and other financial assumptions recognised in OCI			(4)		(4)		(140)		(140)
Foreign exchange differences			11		11		(9)		(9)
Total net finance income from reinsurance contracts held			**14**		**14**	**(2)**	**(143)**		**(145)**
- *Recognised in profit or loss*			*7*		*7*	*(2)*	*6*		*4*
- *Recognised in OCI*			*7*		*7*		*(149)*		*(149)*
Movement in investment contract liabilities		(490)			(490)	1,694			1,694
Total net finance result for subsidiaries before tax		**892**	**38**	**2**	**932**	**(610)**	**(270)**	**138**	**(742)**
- ***Recognised in profit or loss***		***508***	***120***	***8***	***636***	***240***	***167***	***1***	***408***
- ***Recognised in OCI***		***384***	***(82)***	***(6)***	***296***	***(850)***	***(437)***	***137***	***(1,150)***

13.1
Interest, dividend and other investment income non-related to unit-linked investments

	First half year 2023	First half year 2022
Interest income of financial assets mandatorily measured at FVTPL non-related to unit-linked investments		
Cash and cash equivalents		
Debt securities	3	3
Loans	9	6
Derivatives	3	
Total interest income of financial assets mandatorily measured at FVTPL	**15**	**9**
Interest income of financial assets designated at FVTPL		
Debt securities	1	1
Total interest income of financial assets designated at FVTPL	**1**	**1**
Interest income of financial assets measured at FVOCI		
Debt securities	700	651
Loans	132	99
Total interest income of financial assets measured at FVOCI	**832**	**750**
Interest income of financial assets measured at amortised cost		
Cash and cash equivalents	9	1
Debt securities		
Loans	20	10
Other assets	6	6
Total interest income of financial assets measured at amortised cost	**35**	**17**
Total interest income	**883**	**777**
Dividend and other investment income		
Dividend income from equity investments mandatorily measured at FVTPL	30	59
Dividend income from equity investments measured at FVOCI		
- *Related to investments derecognised during the period*		
- *Related to investments held at the end of the reporting period*	66	52
Rental income from investment property	99	102
Revenues of parking garages	242	208
Other investment income	72	15
Total dividend and other investment income	**509**	**436**
Total Interest, dividend and other investment income non-related to unit-linked investments	**1,392**	**1,213**

13.2
Net gain on derecognition and changes in fair value non-related to unit-linked investments

	First half year 2023	First half year 2022
Financial instruments mandatorily measured at FVTPL	28	(188)
- *Of which realised gains (losses) during the year*	*11*	*8*
- *Of which unrealised gains (losses) during the year*	*17*	*(196)*
Financial instruments designated at FVTPL	1	(11)
Gains on derecognition of financial instruments measured at FVOCI, excluding equity investments	2	(2)
Gains on derecognition of financial instruments measured at amortised cost		
Net gain on derecognition and changes in fair value of financial instruments non-related to unit-linked investments	**31**	**(201)**
Gain on disposal of investment property	5	85
Gain (loss) on sale of shares of subsidiaries		
Gain on disposal of investments in associates	32	
Gain on disposal of property and equipment	1	
Hedging results	(2)	
Other	(6)	58
Net gain on derecognition and changes in fair value non-related to unit-linked investments	**61**	**(58)**

“Other” in the first half year 2022 is GBP 47.5 million (before tax) gain on the sale of the commercial lines front book business in the UK.

14 Financing costs

	First half year 2023	First half year 2022
Financing costs of financial liabilities measured at FVTPL		
Subordinated liabilities		
Other borrowings		
Derivatives		(3)
Total financing costs of financial liabilities measured at FVTPL		**(3)**
Financing costs of financial liabilities measured at amortised cost		
Subordinated liabilities	(45)	(42)
Due to banks	(46)	(9)
Lease liabilities	(10)	(8)
Other borrowings	(1)	(1)
Debt certificates		
Other liabilities	(25)	(7)
Total financing costs of financial liabilities measured at amortised cost	**(127)**	**(67)**
Total financing costs	**(127)**	**(70)**

Additional information

15 Information on operating segments

15.1 General information

Operating segments

Ageas is organised in five operating segments:
- Belgium;
- Europe (excluding Belgium);
- 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, Europe (excluding Belgium), 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.

15.2 Belgium

The Belgian insurance activities, operating under the name of AG Insurance, have a longstanding history. AG Insurance owns 100% 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.

15.3 Europe (excluding Belgium)

Europe consists of the insurance activities of Ageas in Europe, excluding Belgium. Ageas is active in Portugal, UK, France and Türkiye. The product range includes Life (in Portugal, France and Türkiye) and Non-life (in Portugal, UK and Türkiye). Access to markets is facilitated by a number of key partnerships with companies having a sizeable position in their respective markets.

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.

15.4
Asia

Ageas is active in a number of countries in Asia. It has a 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, except for India Life (AFLIC) which is fully consolidated since 2022.

15.5
Reinsurance

The reinsurance activities of Ageas SA/NV are reported in the Reinsurance Segment. These activities comprise intra-group inward reinsurance and reinsurance of third parties.

15.6
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).

15.7
Statement of financial position by operating segment

30 June 2023	Belgium	Europe	Asia	Reinsurance	General Account	Group Eliminations	Total
Total assets	73,157	18,656	5,939	1,710	2,072	(2,547)	98,987
Total liabilities	70,915	16,749	1,570	1,594	2,500	(2,545)	90,783
Total equity	2,242	1,907	4,369	116	(428)	(2)	8,204
Total liabilities and equity	73,157	18,656	5,939	1,710	2,072	(2,547)	98,987

31 December 2022	Belgium	Europe	Asia	Reinsurance	General Account	Group Eliminations	Total
Total assets	71,585	18,842	5,828	1,564	2,038	(2,565)	97,292
Total liabilities	69,350	16,885	1,521	1,633	2,530	(2,563)	89,356
Total equity	2,235	1,957	4,307	(69)	(492)	(2)	7,936
Total liabilities and equity	71,585	18,842	5,828	1,564	2,038	(2,565)	97,292

15.8
Income statement by operating segment

First half year 2023	Belgium	Europe	Asia	Reinsurance	General Account	Group Eliminations	Total
Insurance revenue	1,793	1,194	80	337		(308)	3,096
Insurance service expenses	(1,339)	(985)	(79)	(243)		216	(2,430)
Net result from reinsurance contracts held	(78)	(89)		(30)		90	(107)
Insurance service result	**376**	**120**	**1**	**64**		**(2)**	**559**
Interest, dividend and other investment income non-related to unit-linked investments	1,200	120	48	14	32	(22)	1,392
Net gain on derecognition and changes in fair value non-related to unit-linked investments	50	7	1	3	(2)	2	61
Investment income related to unit-linked investments	571	208	35				814
Net impairment loss on financial assets	(16)	(2)	(1)	(1)			(20)
Net investment income	**1,805**	**333**	**83**	**16**	**30**	**(20)**	**2,247**
Finance expenses from insurance contracts	(889)	(172)	(69)	(11)		13	(1,128)
Finance income from reinsurance contracts	5	11		1		(10)	7
Movement in investment contract liabilities	(349)	(141)					(490)
Net finance result	**572**	**31**	**14**	**6**	**30**	**(17)**	**636**
Net insurance and finance result	**948**	**151**	**15**	**70**	**30**	**(19)**	**1,195**
Other income	106	30	1	2	5	(15)	129
Financing costs	(93)	(12)	(3)		(40)	21	(127)
Change in impairments	(20)	5					(15)
Change in provisions	1				1		2
Unrealised gain (loss) on RPN(I)					(68)		(68)
Other operating expenses	(512)	(76)	(19)	(3)	(55)	14	(651)
Share in the results of equity-accounted investments	(1)	(9)	319		1		310
Total other income and expenses	**(519)**	**(62)**	**298**	**(1)**	**(156)**	**20**	**(420)**
Result before taxation	**429**	**89**	**313**	**69**	**(126)**	**1**	**775**
Income tax expense	(95)	(31)	(1)		(6)	1	(132)
Net result for the period	**334**	**58**	**312**	**69**	**(132)**	**2**	**643**
Net result attributable to non-controlling interests	88	21	2			1	112
Net result attributable to shareholders	**246**	**37**	**310**	**69**	**(132)**	**1**	**531**

First half year 2022	Belgium	Europe	Asia	Reinsurance	General Account	Group Eliminations	Total
Insurance revenue	1,678	1,262		322		(302)	2,960
Insurance service expenses	(1,420)	(1,043)		(301)		284	(2,480)
Net result from reinsurance contracts held	35	(69)		(7)		20	(21)
Insurance service result	**293**	**150**		**14**		**2**	**459**
Interest, dividend and other investment income non-related to unit-linked investments	1,101	102		10	20	(20)	1,213
Net gain on derecognition and changes in fair value non-related to unit-linked investments	(65)	5				2	(58)
Investment income related to unit-linked investments	(1,984)	(657)					(2,641)
Net impairment loss on financial assets	(1)						(1)
Net investment income	**(949)**	**(550)**		**10**	**20**	**(18)**	**(1,487)**
Finance expenses from insurance contracts	111	87		(6)		5	197
Finance income from reinsurance contracts		9				(5)	4
Movement in investment contract liabilities	1,205	489					1,694
Net finance result	**367**	**35**		**4**	**20**	**(18)**	**408**
Net insurance and finance result	**660**	**185**		**18**	**20**	**(16)**	**867**
Other income	101	24			6	(11)	120
Financing costs	(45)	(9)		(1)	(33)	18	(70)
Change in impairments	(2)	(1)					(3)
Change in provisions	1	1			3		5
Unrealised gain (loss) on RPN(I)					107		107
Other operating expenses	(413)	(76)	(15)	(2)	(51)	12	(545)
Share in the results of equity-accounted investments	8	(19)	333			(1)	321
Total other income and expenses	**(350)**	**(80)**	**318**	**(3)**	**32**	**18**	**(65)**
Result before taxation	**310**	**105**	**318**	**15**	**52**	**2**	**802**
Income tax expense	(66)	(24)			(10)		(100)
Net result for the period	**244**	**81**	**318**	**15**	**42**	**2**	**702**
Net result attributable to non-controlling interests	65	6					71
Net result attributable to shareholders	**179**	**75**	**318**	**15**	**42**	**2**	**631**

15.9
Alternative performance measures

To evaluate & report performance and shareholder equity by business (Life, Non-Life), by segment and for Ageas as a whole, Ageas primarily uses the following alternative measures: operating insurance & investment result, net operating result, Life margin, combined ratio, inflow and comprehensive equity. These measures are reported at Ageas' interest in the consolidated entities and equity accounted investments.

Operating insurance & investment result

The operating insurance & investment result is a pre-tax performance measure. It is the sum of:

1. Insurance service result as determined under IFRS 17;
2. Non-directly attributable expenses;
3. Insurance related other income & expenses; and
4. Investment result on assets backing investment and insurance contract liabilities (net of reinsurance) as defined below.

The sum of line items 1. to 3. is referred to as 'operating insurance service result'.

Net operating result

Net operating result is an after-tax performance measure. It is the sum of:

1. Operating insurance & investment result
2. Non-insurance related other income & expenses;
3. Investment result on surplus assets; and
4. Income taxes on the items above.

The investment result (on assets backing investment and insurance contract liabilities (net of reinsurance) and on surplus assets) is the net finance result (determined under IFRS 9 and IFRS 17) of the consolidated entities, associates and joint ventures (all at Ageas' interest therein):

- Plus/minus realised capital gains/losses on equity instruments held at FVOCI (other than backing insurance contracts measured under the VFA approach);
- Excluding changes in fair value on financial instruments measured at FVTPL and backing insurance contracts measured under the BBA and PAA approaches for which the option to disaggregate insurance finance income or expense was selected.

The difference between the net finance result and the investment result is labelled 'Investment income adjustments' in the table below.

The reconciliation between the net operating result and the net result of the period attributable to shareholders consists of unrealised gain/losses on RPN(I), (a reversal of the above) investment income adjustments and associated tax impacts. These reconciling items are all after non-controlling interests or at the Ageas' share for associates and joint ventures. The reconciliation to the net result attributable to shareholders by segment and for Ageas as a whole is shown in the table below.

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. Non-life comprises four lines of business: Accident & Health, Motor, Fire & other damage to property, and Other (including reinsurance). To determine net operating result Life and Non-Life, allocations are made where no direct allocation is possible.

Life margin and combined ratio

While Ageas uses the net operating result Life and Non-Life to measure the absolute amount of profit generated, it uses the life margin as a relative measure of the profitability of its Life business and the combined ratio as a relative measure for the underwriting profitability of its Non-Life business. The definitions are as follows:

Life margin: the annualised operating insurance service result and investment result of the period divided by the average Life insurance and investment contract liabilities of the period, excluding unrealised gains/losses thereon.
Combined ratio: this is total of (Non-Life) expenses, claims incurred and reinsurance result as a percentage of (Non-Life) insurance revenues. The lower the ratio, the better the profitability. The combined ratio is the sum of the expense ratio, the claims ratio and the reinsurance ratio as follows:

- expense ratio: the expenses as a percentage of insurance revenues. The expenses include directly attributable and (an allocation of) non-directly attributable expenses;
- claims ratio: the cost of gross claims incurred as a percentage of insurance revenues;
- reinsurance ratio: the net reinsurance result as a percentage of insurance revenues. For purposes of calculating the reinsurance ratio, the net reinsurance result of the segments excludes their net result on intra-group LPT & quota share reinsurance programmes (referred to as 'capital management').

The combined ratio does not capture the relative contribution from the investment result.

Inflow

Inflow is a measure of the business written during a particular period. Inflows comprise both gross written premiums from insurance contracts and inflows from investment contracts. Inflow is reported at Ageas' interest. Inflow is different from insurance revenue as the latter is a reflection of the consideration for the insurance services of the period.

Comprehensive equity

Comprehensive equity is shareholders' equity plus (Ageas' interest in) non-recognized unrealised gains or losses (after-tax) on real estate (investment property and car parks) measured at amortised cost (unless they are part of the underlying items for insurance contracts measured under the VFA approach) plus (Ageas' interest in) the after-tax CSM of life insurance contracts of subsidiaries and equity accounted investments.

The alternative performance measures for the different segments and lines of business are shown below. In this table, the amounts of "gross inflow Non-Life" and "insurance revenue – Non-Life" reported in the segment Reinsurance exclude inward reinsurance gross inflow and insurance revenue pertaining to the intra-group Non-Life LPT & quota-share programmes (referred to as 'capital management').

First half year 2023	Belgium	Europe	Asia	Reinsurance	General Account	Total
Gross inflow - Life	1,484	395	4,357			6,236
Gross inflow - Non-life	1,066	1,305	515	140		3,026
Insurance revenue - Life	397	73(*)	59(*)			529
Insurance revenue - Non-life	948	1,174	409	105		2,636
Operating insurance & investment result - Life	**186**	**30**	**211**			**427**
- *Life Guaranteed*	*165*	*28*	*211*			*404*
- *Life Unit linked*	*21*	*2*				*23*
Operating insurance & investment result - Non-life	**121**	**41**	**8**	**65**		**235**
- *Accident & Health*	*42*	*12*		*8*		*62*
- *Motor*	*22*	*22*		*34*		*78*
- *Fire & other damage to property*	*50*	*(18)*	*3*	*26*		*61*
- *Other*	*7*	*25*	*5*	*(3)*		*34*
Net operating result - Life	168	19	293	1		481
Net operating result - Non-life	95	17	4	65		181
Net operating result - General Account					(63)	(63)
Net operating result	**263**	**36**	**297**	**66**	**(63)**	**599**
Unrealised gain/(loss) on RPN(I), net of tax					(68)	(68)
Investment income adjustments, net of tax	(17)	1	13	3		
Net result attributable to shareholders	**246**	**37**	**310**	**69**	**(131)**	**531**
Key performance indicators Life						
Life margin - Guaranteed products	0.95%	1.91%	1.31%			1.16%
Life margin - Unit linked products	0.43%	0.22%				0.39%
Key performance indicators Non-life						
Claims ratio	45.7%	69.3%	59.4%	39.3%		58.1%
Expense ratio	37.2%	28.6%	31.0%	4.3%		31.1%
Reinsurance ratio	3.1%	0.2%	11.4%	27.9%		4.1%
Combined ratio (Net/Gross)	86.1%	98.1%	101.8%	71.4%		93.3%

30 June 2023	Belgium	Europe	Asia	Reinsurance	General Account	Total
Equity indicators						
Shareholders' equity	1,455	1,797	4,296	116	(439)	7,225
Plus/(minus): unrealised gains/(losses) on real estate at amortised cost, after taxation	1,111	38	141			1,290
Plus: CSM after taxation	1,878	73	5,141		(3)	7,089
Comprehensive shareholders' equity	**4,444**	**1,908**	**9,578**	**116**	**(442)**	**15,604**

(*) Excluding joint ventures

First half year 2022	Belgium	Europe	Asia	Reinsurance	General Account	Total
Gross inflow Life	1,556	516	4,195			6,267
Gross inflow Non-life	965	1,250	482	139		2,836
Insurance revenue - Life	389	72				461
Insurance revenue - Non-life	870	1,224	441	65		2,600
Operating insurance & investment result - Life	**255**	**27**	**304**			**586**
- *Life Guaranteed*	*235*	*24*	*304*			*563*
- *Life Unit linked*	*20*	*3*				*23*
Operating insurance & investment result - Non-life	**95**	**56**	**19**	**15**		**185**
- *Accident & Health*	*26*	*17*	*6*	*13*		*62*
- *Motor*	*33*	*57*	*(9)*	*(25)*		*56*
- *Fire & other damage to property*	*16*	*(9)*	*6*	*14*		*27*
- *Other*	*20*	*(9)*	*16*	*13*		*40*
Net operating result - Life	220	15	373			608
Net operating result - Non-life	76	75	12	15		178
Net operating result - General Account					(63)	(63)
Net operating result	**296**	**90**	**385**	**15**	**(63)**	**723**
Unrealised gain/(loss) on RPN(I), net of tax					107	107
Investment income adjustments, net of tax	(117)	(15)	(67)			(199)
Net result attributable to shareholders	**179**	**75**	**318**	**15**	**44**	**631**
Key performance indicators Life						
Life margin - Guaranteed products	1.35%	1.48%	2.00%			1.65%
Life margin - Unit linked products	0.39%	0.26%				0.36%
Key performance indicators Non-life						
Claims ratio	59.2%	60.5%	59.3%	78.2%		60.3%
Expense ratio	36.7%	31.2%	28.3%	6.8%		31.9%
Reinsurance ratio	(4.3%)	6.5%	12.6%	9.9%		4.0%
Combined ratio (Net/Gross)	91.6%	98.2%	100.2%	94.9%		96.2%

31 December 2022	Belgium	Europe	Asia	Reinsurance	General Account	Total
Equity indicators						
Shareholders' equity	1,438	1,866	4,242	(69)	(502)	6,975
Plus/(minus): unrealised gains/(losses) on real estate at amortised cost, after taxation	1,140	40	146			1,326
Plus: CSM after taxation	1,845	74	5,453		(3)	7,369
Comprehensive shareholders' equity	**4,423**	**1,980**	**9,841**	**(69)**	**(505)**	**15,670**

16 Contingent liabilities

16.1 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 EUR 1.2 billion 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 would 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 were 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 filed a claim form, were, 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 30 June 2023, an amount of EUR 1,309 million had already been paid out to Eligible Shareholders and a remaining provision of EUR 0.9 million had been recognised for the settlement (see note 7 Provisions).

On 23 June 2022 Ageas announced that, except for a limited number of unresolved claims, the settlement would be closed. Final payments followed at the end of August 2022. The potential costs that Ageas has agreed to bear for the remaining unresolved claims have been provided for in the provision referred to above.

Residual proceedings

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 in the first half of 2023, or not terminated by 30 June 2023. These constitute contingent liabilities without provisions.

1.1 In the Netherlands

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. Ageas filed written submissions on 5 April 2023 and a hearing date has been set on 11 December 2023.

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. The proceedings are now reactivated and the parties are exchanging written submissions. Nothing is claimed anymore from Ageas in these proceedings. 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.

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 their last written submissions and are 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 was suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action was suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings.

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.

16.2
Contingent 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, 3,326 securities remain outstanding, representing an aggregate principal amount of EUR 831.5 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 3,473,271 Ageas shares for the purpose of the potential exchange of the CASHES.

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 exchange 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.

17 Acquisitions and disposals of subsidiaries and equity accounted investments and disposal groups held for sale

The following significant acquisitions and disposals were made in 2023 and 2022. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 21 Events after the date of the statement of financial position.

17.1 Disposals as at 30 June 2023

AG Insurance (Belgium)

In the first half of 2023, AG Insurance sold their interests in the equity associate Eurocommercial Properties Belgium for a total consideration of EUR 70 million, realising a capital gain of EUR 15 million.

17.2 Acquisitions in 2022

Additional interest in AFLIC (Asia)

On 20 May 2022, Ageas signed an agreement to increase its interest in the joint venture Ageas Federal Life Insurance Company Ltd (AFLIC) from 49% to 74% for a cash consideration of INR 5.8 billion. This transaction was closed on 19 September 2022. Under IFRS, this transaction is considered a step acquisition, hence the previously held interest of 49% was treated as if it had been disposed of resulting in a non-cash capital gain of EUR 6 million.

AFLIC was fully consolidated by Ageas group as from the last quarter of 2022.

Real estate companies (Europe)

Two real estate companies were jointly acquired by several group entities in Portugal. Campolide XXI was acquired at the end of 2021 for an amount of EUR 30 million and SPPP in the first quarter of 2022 for 82 million.

Milleniumbcp Ageas holds the majority of the shares in both companies. These companies are fully consolidated by Ageas group as per 31 December 2022.

AG Insurance (Belgium)

In July 2022, AG Insurance acquired 100% of the shares of Anima Group (5th largest Belgian nursing home operator) for an amount of EUR 335 million. This acquisition is considered a business combination under IFRS 3. No goodwill was recognised in the opening balance.

17.3
Disposal group held for sale

Ageas France (Europe)
In the last quarter of 2022, Ageas SA/NV decided to engage in a process to dispose of its activities in France and on 21 April 2023, Ageas signed an agreement with La Mutuelle Epargne Retraite Prévoyance Carac regarding the sale. This disposal meets the criteria of IFRS 5 to be classified as held for sale. The transaction is subject to regulatory approvals and the sale is expected to be completed in the third quarter of 2023. An impairment loss of EUR 23.5 million was recorded in the last quarter 2022.

Consequently, the assets and liabilities at 30 June 2023 related to Ageas France (and its subsidiaries) were classified as a disposal group and are shown as "Assets held for sale" and "Liabilities related to assets held for sale" in the consolidated statement of financial position. The disposal group is reported in the segment 'Europe'.

The carrying amounts of major assets and liabilities of Ageas France at 30 June 2023 are summarised as follows:
- Financial investments EUR 4.1 billion;
- Insurance liabilities EUR 4.0 billion.

There is also an intercompany subordinated liability of EUR 55 million on the balance sheet of Ageas France that is eliminated at Ageas group level. The net equity of Ageas France at 30 June 2023 is EUR 96 million.

18 Commitments

Commitments received and given are detailed as follows.

Commitments	30 June 2023	31 December 2022
Commitment Received		
Credit lines	1,500	1,527
Collateral and guarantees received	4,635	4,574
Other off-balance sheet rights and commitments	27	21
Total received	**6,162**	**6,122**
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	101	170
Available credit lines	665	523
Collateral and guarantees given	3,098	2,287
Entrusted assets and receivables	814	691
Capital rights & commitments	366	399
Real Estate commitments	336	345
Other off-balance sheet commitments	668	776
Total given	**6,048**	**5,191**

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 30 June 2023 include EUR 228 million in outstanding credit bids (31 December 2022: EUR 250 million).

19 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 and joint ventures, 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 30 June 2023, 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 2023, no transactions took place within the Ageas group which triggered the application of the procedure.

20 Fair value of financial assets and financial liabilities

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.

Fair value hierarchy

The valuation of financial instruments 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).

Derivatives held for trading are based on level 2 valuation (observable inputs from active markets).

20.1
Fair value of financial assets and liabilities

The following table provides the fair value measurement hierarchy of financial assets and liabilities.

	Fair value				Carrying
30 June 2023	Level 1	Level 2	Level 3	Total	value
Financial assets measured at FVTPL					
Cash and cash equivalents		45		45	45
Debt securities	116	1,069	509	1,694	1,694
Equity investments	14		102	116	116
Loans		162	200	362	362
Derivatives		111		111	111
Investment contract covering assets	6,181	11,593	55	17,829	17,829
Other investments		77	25	102	102
Receivables					
Total financial assets measured at FVTPL	**6,311**	**13,057**	**891**	**20,259**	**20,259**
Financial assets measured at FVOCI					
Debt securities	38,898	2,320	2,866	44,084	44,084
Equity investments	2,714	2	169	2,885	2,885
Loans	307	6,648	1,933	8,888	8,888
Total financial assets measured at FVOCI	**41,919**	**8,970**	**4,968**	**55,857**	**55,857**
Financial assets measured at amortised cost					
Cash and cash equivalents	1,268	200		1,468	1,468
Debt securities	53	20		73	71
Loans	664	28	772	1,464	1,489
Receivables	98	1,043	3	1,144	1,151
Total financial assets measured at amortised cost	**2,083**	**1,291**	**775**	**4,149**	**4,179**
Total financial assets	**50,313**	**23,318**	**6,634**	**80,265**	**80,295**
Financial liabilities measured at FVTPL					
Borrowings					
Subordinated liabilities					
Investment contract liabilities		12,480		12,480	12,480
Derivative liabilities		16		16	16
Total financial liabilities measured at FVTPL		**12,496**		**12,496**	**12,496**
Financial liabilities measured at amortised cost					
Borrowings, excluding lease liabilities	74	2,916	912	3,902	3,890
Subordinated liabilities		2,519		2,519	2,519
Investment contract liabilities		937		937	1,154
Total financial liabilities measured at amortised cost	**74**	**6,372**	**912**	**7,358**	**7,563**
Total financial liabilities	**74**	**18,868**	**912**	**19,854**	**20,059**

31 December 2022	Fair value Level 1	Level 2	Level 3	Total	Carrying value
Financial assets measured at FVTPL					
Cash and cash equivalents		23		23	23
Debt securities	113	1,112	476	1,701	1,701
Equity investments	20		100	120	120
Loans		162	180	342	342
Derivatives		232		232	232
Investment contract covering assets	5,974	11,423	262	17,659	17,659
Other investments		80	35	115	115
Receivables		1		1	1
Total financial assets measured at FVTPL	**6,107**	**13,033**	**1,053**	**20,193**	**20,193**
Financial assets measured at FVOCI					
Debt securities	38,386	2,442	2,759	43,587	43,587
Equity investments	2,377	19	72	2,468	2,468
Loans	333	6,475	1,886	8,694	8,694
Total financial assets measured at FVOCI	**41,096**	**8,936**	**4,717**	**54,749**	**54,749**
Financial assets measured at amortised cost					
Cash and cash equivalents	997	156		1,153	1,153
Debt securities	52	23		75	75
Loans	571	96	829	1,496	1,496
Receivables	11	726	2	739	746
Total financial assets measured at amortised cost	**1,631**	**1,001**	**831**	**3,463**	**3,470**
Total financial assets	**48,834**	**22,970**	**6,601**	**78,405**	**78,412**
Financial liabilities measured at FVTPL					
Borrowings					
Subordinated liabilities					
Investment contract liabilities		12,297		12,297	12,297
Derivative liabilities		4		4	4
Total financial liabilities measured at FVTPL		**12,301**		**12,301**	**12,301**
Financial liabilities measured at amortised cost					
Borrowings, excluding lease liabilities	62	2,159	876	3,097	3,097
Subordinated liabilities		2,517		2,517	2,517
Investment contract liabilities		826		826	1,081
Total financial liabilities measured at amortised cost	**62**	**5,502**	**876**	**6,440**	**6,695**
Total financial liabilities	**62**	**17,803**	**876**	**18,741**	**18,996**

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.

Changes in level 3 valuation

	Financial assets measured at				Financial liabilities measured at		
2023	FVTPL mandatory	FVTPL designated	FVOCI	Total	FVTPL mandatory	FVTPL designated	Total
Balance as at 1 January	**791**	**262**	**4,717**	**5,770**			
Acquisitions/divestment of subsidiaries							
Maturity/redemption or repayment	(14)	(207)	(148)	(369)			
Acquired	65		373	438			
Proceeds from sales	(12)			(12)			
Realised and unrealised gains (losses) recognised in profit or loss	5			5			
Realised and unrealised gains (losses) recognised in equity			25	25			
Transfers between valuation categories							
Foreign exchange differences and other adjustments	1		1	2			
Balance as at 30 June	**836**	**55**	**4,968**	**5,859**			

	Financial assets measured at				Financial liabilities measured at		
2022	FVTPL mandatory	FVTPL designated	FVOCI	Total	FVTPL mandatory	FVTPL designated	Total
Balance as at 1 January	**485**	**70**	**5,595**	**6,150**			
Transfer to Held for Sale			(385)	(385)			
Acquisitions/divestment of subsidiaries			2	2			
Maturity/redemption or repayment	(34)	(3)	(400)	(437)			
Acquired	322	3	796	1,121			
Proceeds from sales	(50)		(61)	(111)			
Realised and unrealised gains (losses) recognised in profit or loss	29		2	31			
Realised and unrealised gains (losses) recognised in equity			(905)	(905)			
Transfers between valuation categories			48	48			
Foreign exchange differences and other adjustments	39	192	25	256			
Balance as at 31 December	**791**	**262**	**4,717**	**5,770**			

21 Events after the date of the statement of financial position

There have been no material events after 30 June 2023 that would require adjustment or additional disclosure in these Interim Financial Statements.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Condensed Consolidated Interim Financial Statements for the first six months of 2023 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC).

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Condensed Consolidated Interim Financial Statements of the first six months of 2023 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 reviewed the Ageas Condensed Consolidated Interim Financial Statements for the first six months of 2023 on 29 August 2023 and authorised their issue.

Brussels, 29 August 2023

Board of Directors

Chairman	Bart De Smet
Vice-Chairman	Jane Murphy
Chief Executive Officer	Hans De Cuyper
Chief Financial Officer	Wim Guilliams
Chief Risk Officer	Emmanuel Van Grimbergen
Independent Directors	Richard Jackson
	Yvonne Lang Ketterer
	Lucrezia Reichlin
	Katleen Vandeweyer
	Sonali Chandmal
	Jean-Michel Chatagny
	Carolin Gabor
	Alicia Garcia Herrero (appointed 17 May 2023)

Review Report

Statutory Auditor's Report to the Board of Directors of Ageas on the review of the condensed consolidated interim financial statements for the period ended 30 June 2023

Introduction

We have reviewed the accompanying consolidated statement of financial position of Ageas and its subsidiaries as of 30 June 2023 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six-month period then ended and general notes, comprising a summary of accounting policies and estimates and other explanatory notes ("the condensed consolidated interim financial statements"). The board of directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Diegem, 29 August 2023

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
represented by

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor

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