

DEEP
Dive

2022 results under
IFRS 17/9



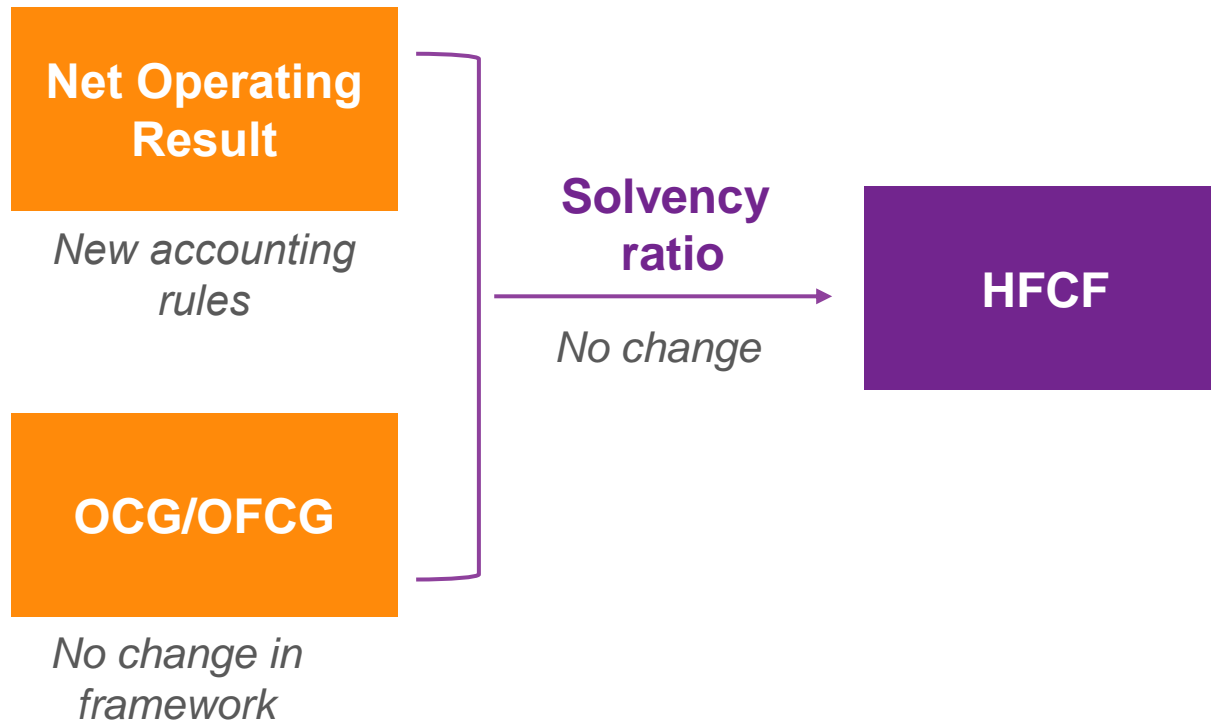
Thursday 22 June 2023

ageas®

IFRS 17/9 - An accounting change that does not change the underlying economics of our business

- **IFRS 17 does not change our:**
 - Ability to generate cash and capital
 - Ability to pay dividends and invest in future growth
 - Solvency position - Creditworthiness - Economic leverage
- **Measurement models and accounting choices** that best capture underlying business drivers and allow for stability in results
- **IFRS 9** will introduce **additional volatility** in Net Result due to some non-cash movements
- **Management P&L** view improves transparency as **NCPs** are included with all numbers **at ageas's share**

Shareholders' remuneration framework not changing



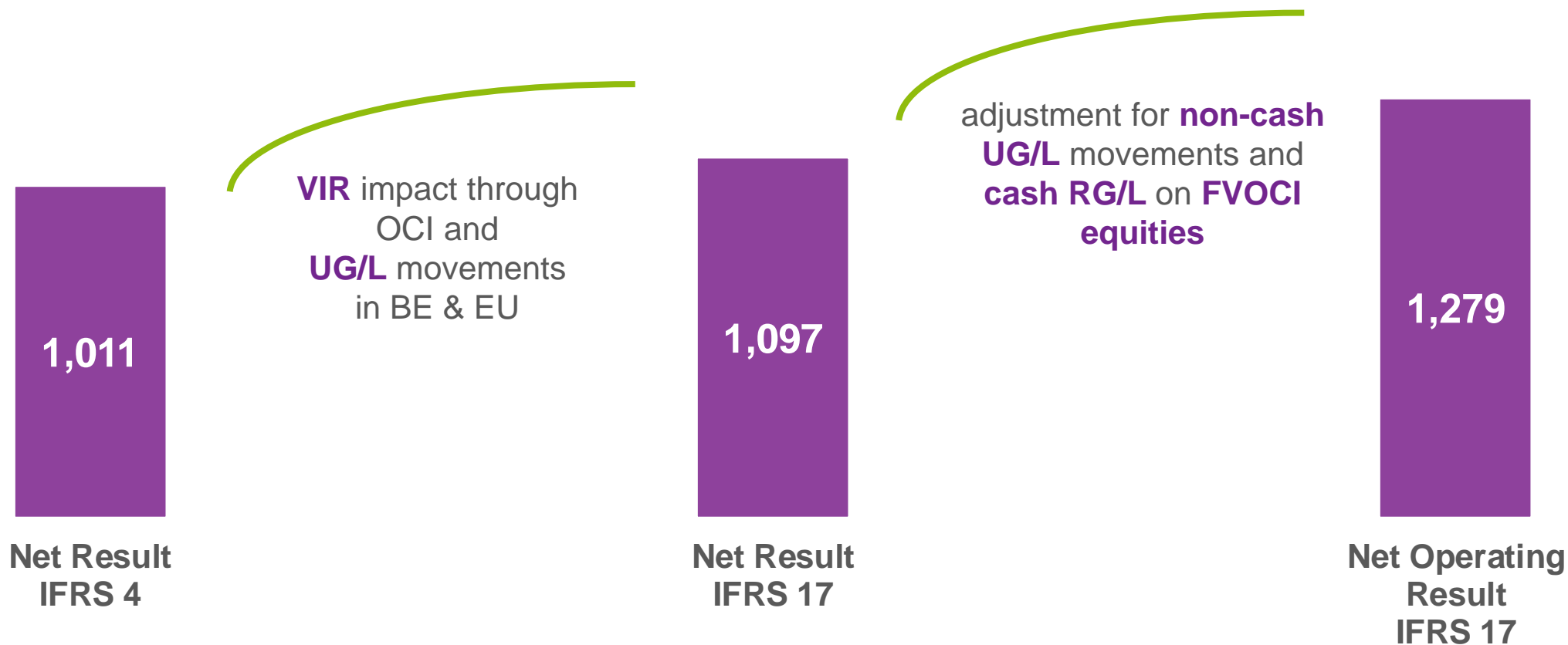
Both exclude temporary market movements

- **OCG / OFCG** provides view on **sustainable growth in capital generation** to support business growth and dividend payments – **No impact** from transition to IFRS 17/9
- **Net Operating Result** provides view on movement of **Shareholders' equity** over the period
- **Solvency ratio** taking into account local growth a **guardrail** for actual dividend distribution

Net Result up to EUR 1.1 bn

Net Operating Result @ EUR 1.3 bn

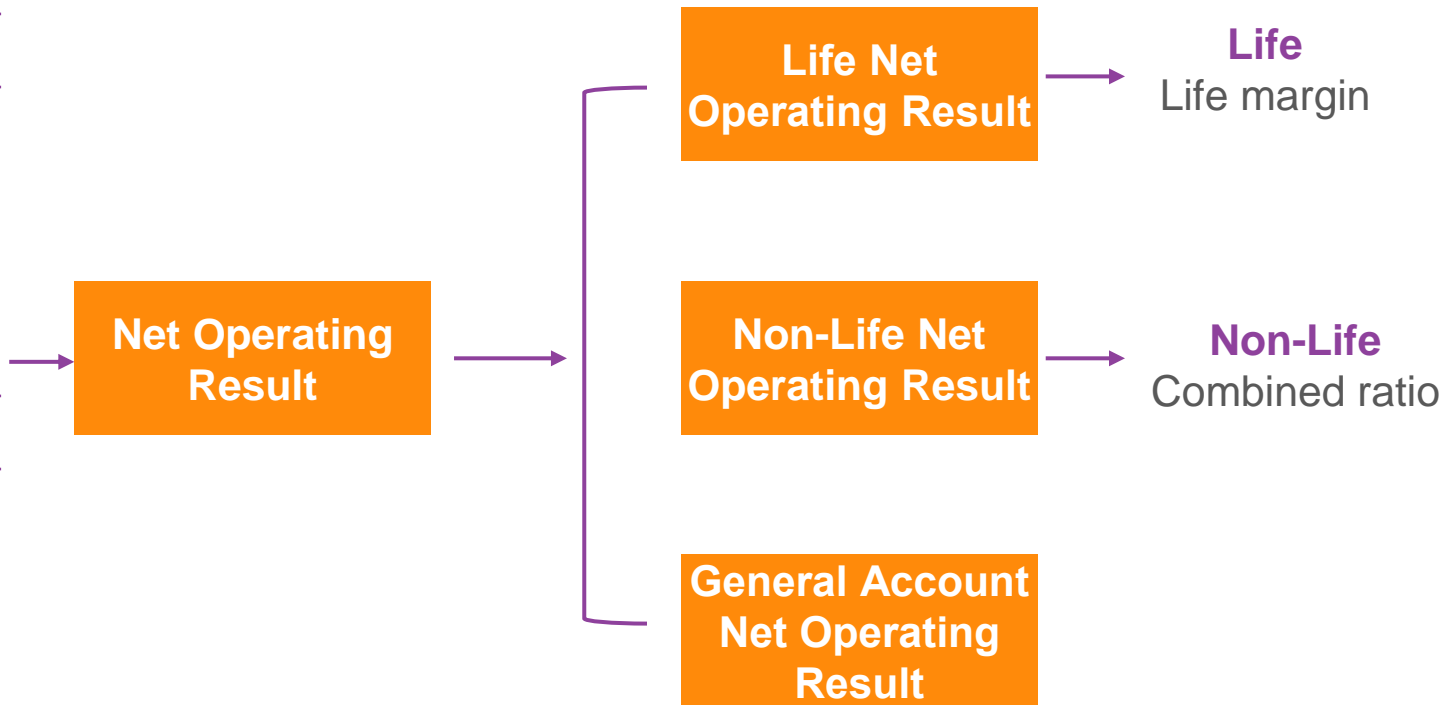
Group-wide view
In EUR mio
FY22



Net Operating Result relevant metric to track operational performance ageas

Group-wide view
In EUR mio
FY22

	Net Result	1,097
-	RPN(i) movement	-139
-	Unrealised G/L movements on FVPL investments	+312
+	Realised G/L on FVOCI Equities	+17
-	Other non-cash (<i>Step-up in India</i>)	-7
=	Net Operating Result	1,279



Limited impact on operational metrics

Under IFRS 17 all ratios calculated @ ageas's share

FY 22

	Reported IFRS 4	Impact24 scope IFRS 17
Combined ratio (%)	96.5	95.9
Guaranteed margin (bps)	91	113
Unit-Linked margin (bps)	36	37

SCOPEConsolidated
entitiesBelgium, Portugal,
UK and Reinsurance
Protection**Combined ratio**

- Discounting of all new claims :
improvement +1.5 pp
- Move to net/gross :
deterioration -0.7 pp

Guaranteed margin supported by
transition impact and by high RCGs

Group-wide performance captured in operational metrics

FY 22

	Impact24 scope IFRS 17		Group-wide IFRS 17
Combined ratio (%)	95.9	NEW	97.7
Guaranteed margin (bps)	113	NEW	142
Unit-Linked margin (bps)	37	NEW	37

SCOPE

Belgium, Portugal,
UK and Reinsurance
Protection

All entities @
ageas share

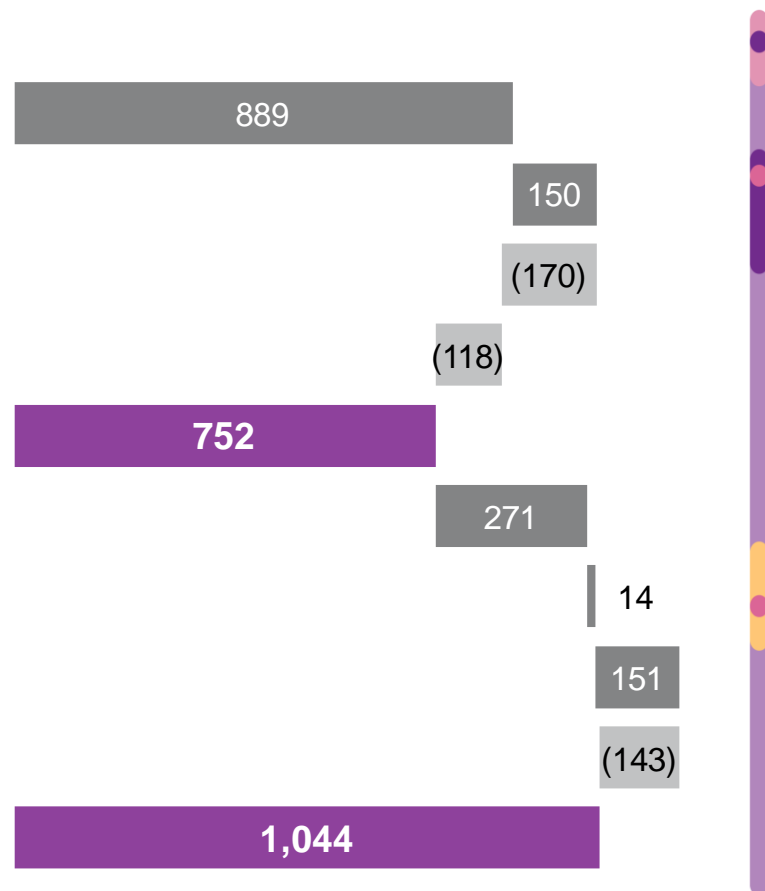
Move to Group-wide **Combined ratio**.
Impacted by companies still reporting
undiscounted claims

Move to Group-wide **Guaranteed margin**.
Increase supported by Life Protection
business in Asia

Life Management P&L Group-wide

Group-wide view
In EUR mio
FY22

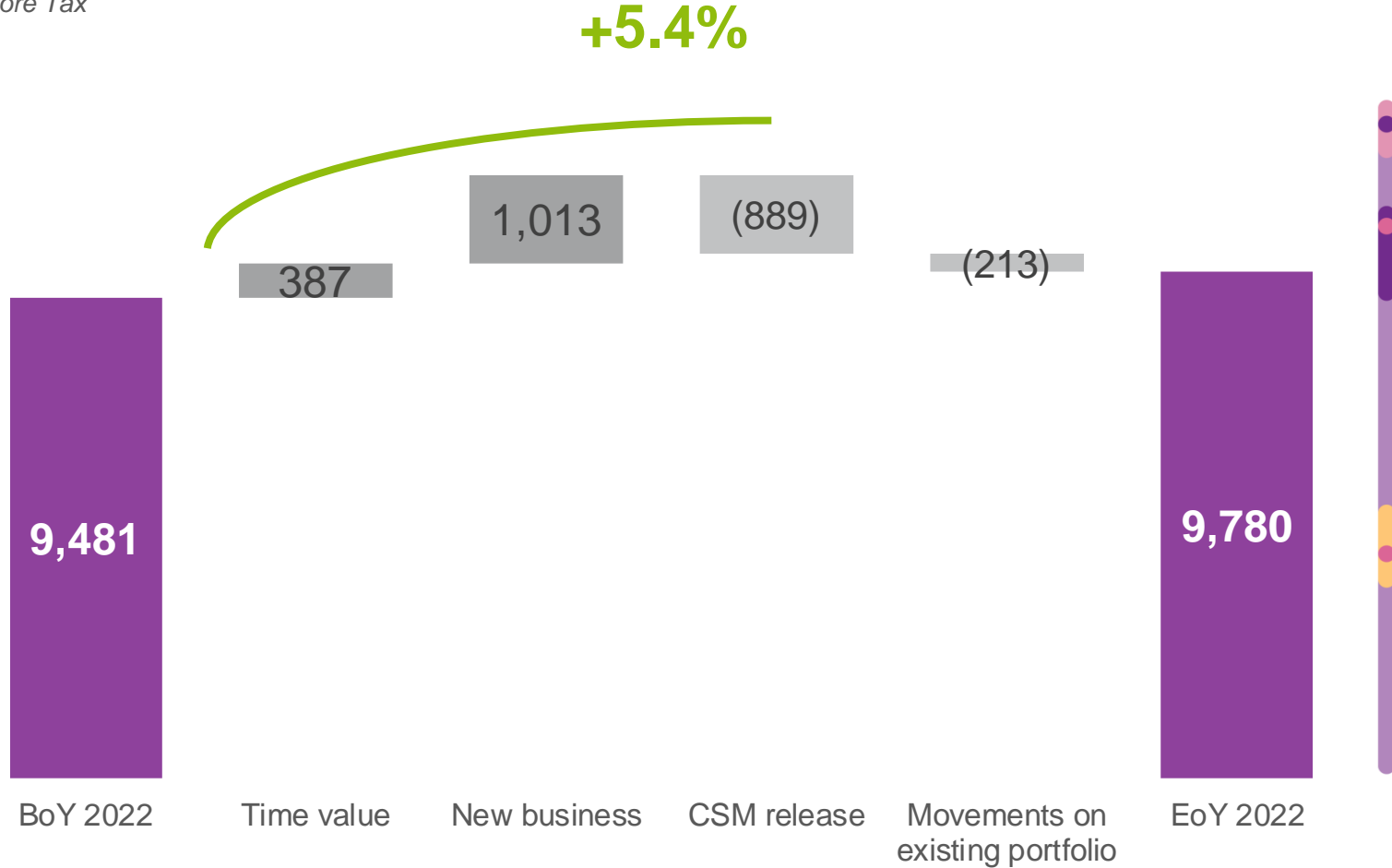
+ Release CSM	
+ Result on short-term Life (PAA)	
- Non-attributable costs	
+ Other income and expenses	
<hr/>	
Operating insurance service result	
Investment result	
Non-allocated result	
Result on surplus assets	
Tax	
<hr/>	
Life Net Operating Result	



- Several additional sources of operating result next to release of CSM
- Unit-Linked business in Belgium and Portugal and short-term Life **not captured in CSM**
- **Non-allocated result** includes the result of operations that have not yet moved to IFRS 17 (Vietnam, Philippines)
- **France** included in Result on surplus assets awaiting disposal

Life CSM movement Group-wide

Group-wide view
In EUR mio
FY22
Before Tax

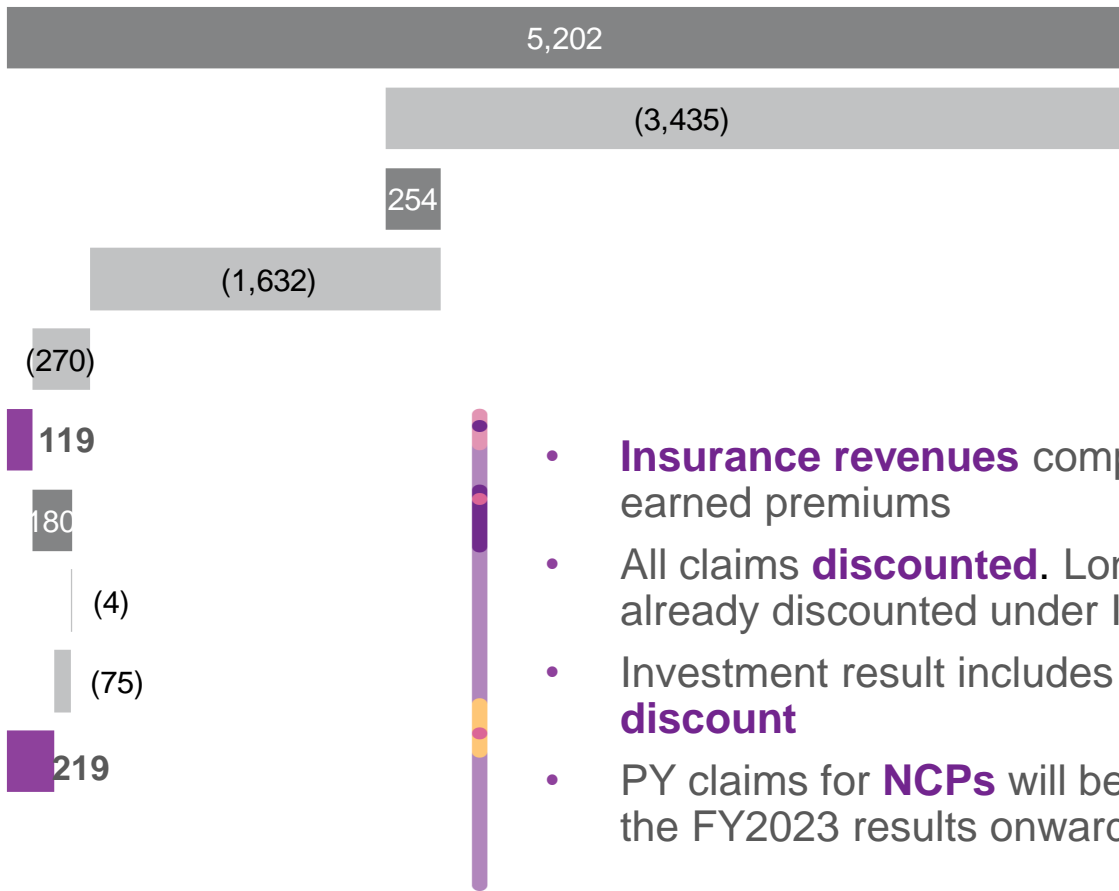


- **High New Business value** supported by growth in Asian segment
- Unit-Linked business in Belgium and Portugal and short-term Life **not captured in CSM**

Non-Life Management P&L Group-wide

Group-wide view
In EUR mio
FY22

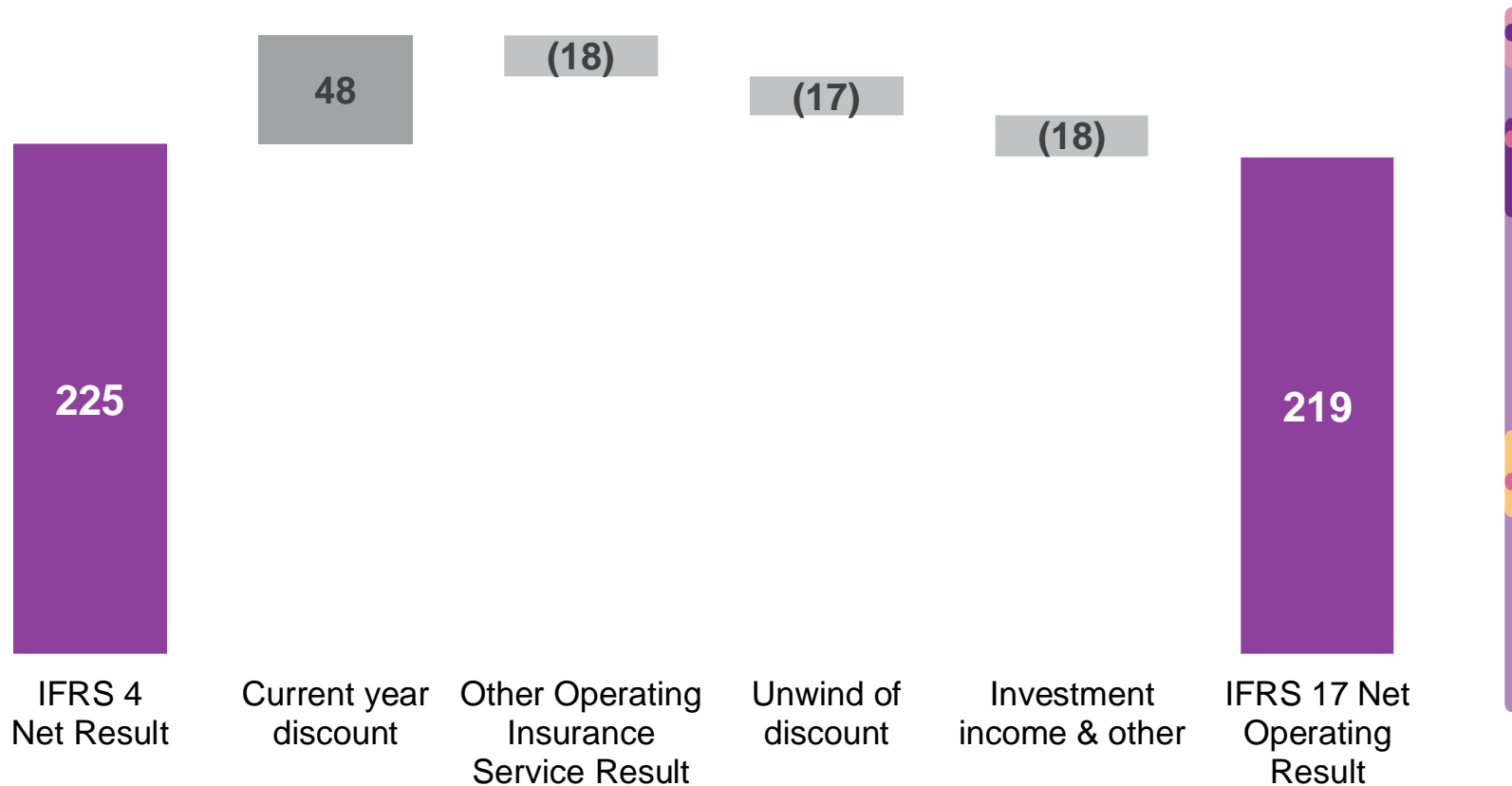
+ Insurance revenues
- Current year claims
+ Prior year claims
- Gross expenses <i>incl. non-attributable costs</i>
+ Reinsurance result
Operating insurance service result
Investment result
Result on surplus assets
Tax
Non-Life Net Operating Result



- **Insurance revenues** comparable to gross earned premiums
- All claims **discounted**. Long term claims already discounted under IFRS4
- Investment result includes **unwind of discount**
- PY claims for **NCPs** will be included from the FY2023 results onwards

Non-Life transition to IFRS 9/17 limited impact

Group-wide view
In EUR mio
FY22

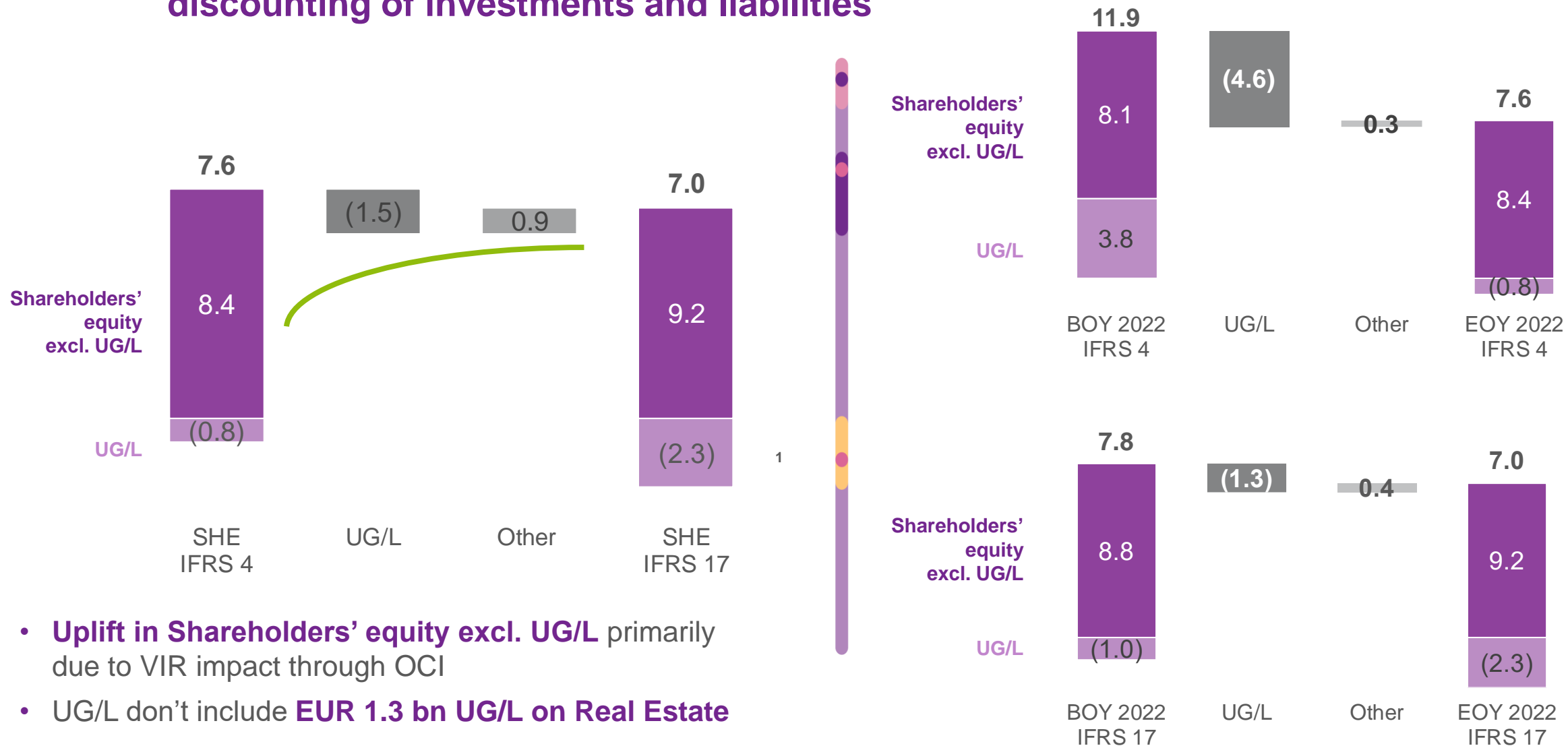


- Group-wide **limited impact** from transition to IFRS17 with different movements across segments
- Positive impact of **discounting of new claims** partially off-set by lower **investment result**

IFRS 17 provides more economic view on Shareholders' equity

More stable development of equity over time thanks to more consistent discounting of investments and liabilities

Group-wide view
In EUR bn

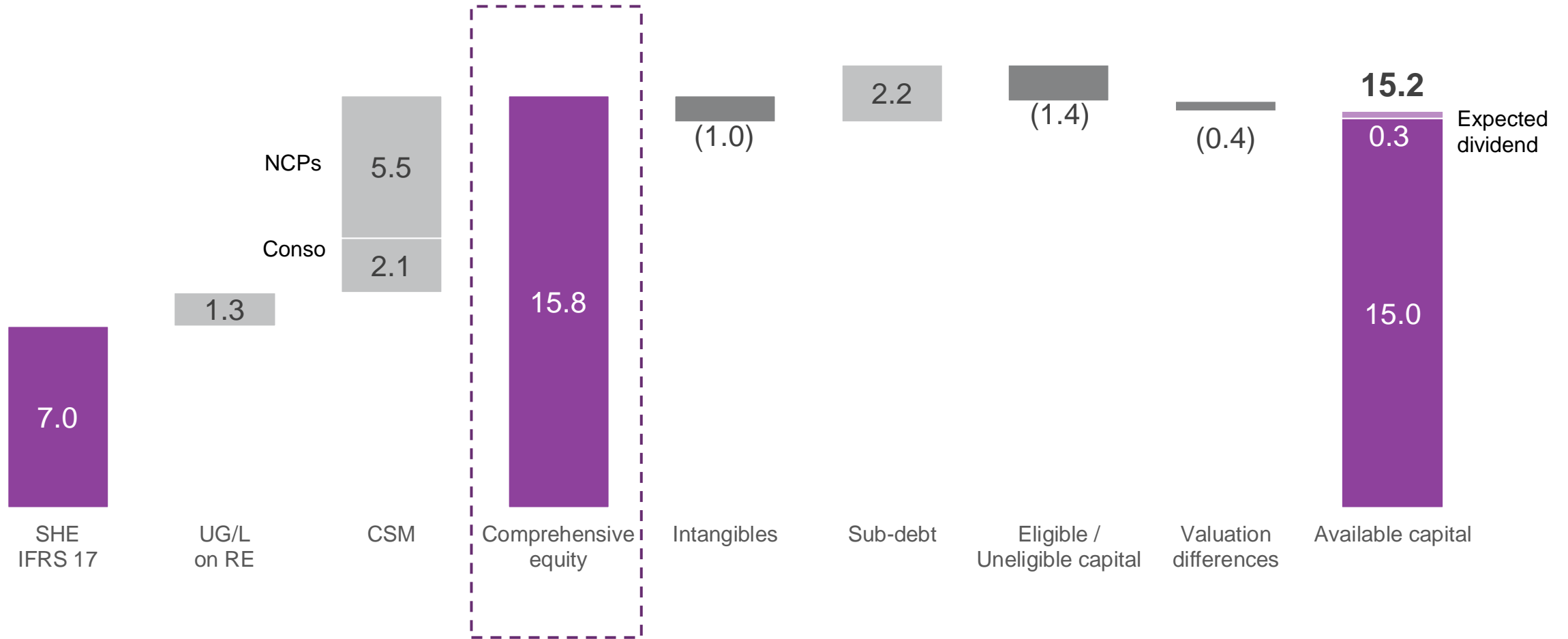


- Uplift in Shareholders' equity excl. UG/L primarily due to VIR impact through OCI
- UG/L don't include **EUR 1.3 bn UG/L on Real Estate**

Comprehensive Equity links with Available Capital

Solvency capital generation framework provides detailed roll-forward

Group-wide view
In EUR bn
EOY 22
After tax



**Comprehensive
Equity
EUR 15.8 bn**

**Comprehensive Equity aligned with Group-wide FCG
framework**

**Net Operating Result Asia in line with previously reported
Underlying Result**

**Net Operating
Result
EUR 1.3 bn**

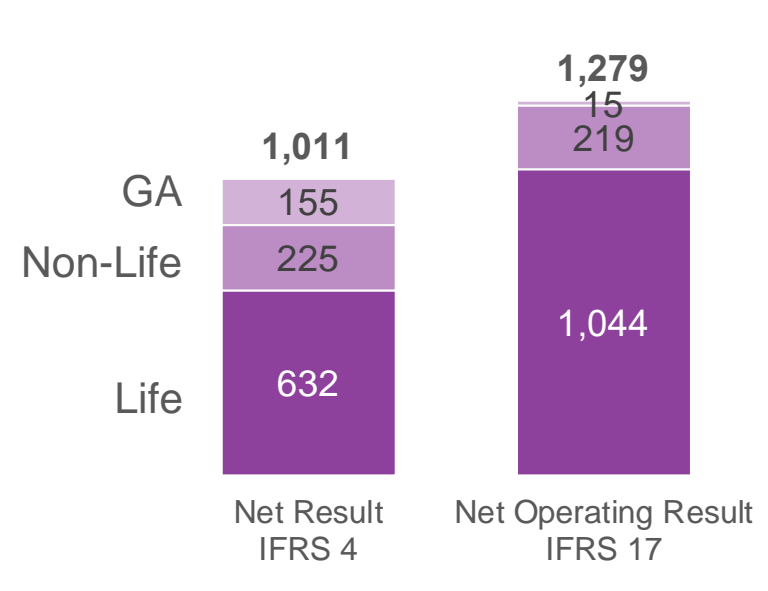
FY 2022 supported by

- Capital gain resulting from liability management action on **Fresh** securities (EUR 146 mio)
- Capital gain on the sale of **UK commercial lines** (EUR 45 mio)
- Very strong Net Operating Result in **Asia** driven by good claims result and low expenses

Segment information

In EUR mio
FY22

Group-wide - Net Operating Result above IFRS 4 Net Result thanks to VIR impact through OCI and adjustment for UG/L movements



Life

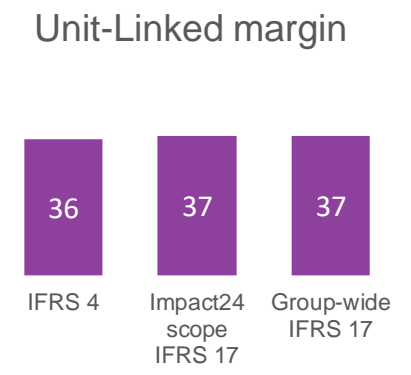
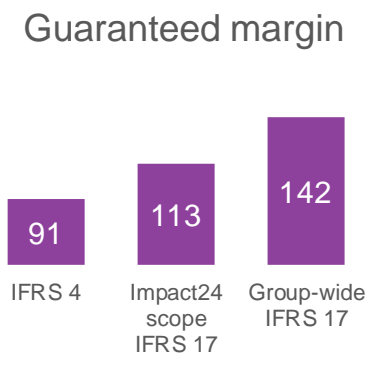
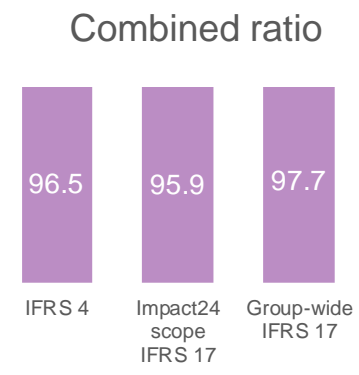
- Positive difference in Life resulting from **Belgium** and **Asia segment**

Non-Life

- **Results** similar under IFRS17 and IFRS4.
- **Positive impact from discounting new claims** (-1.5 pp) mostly off-set by lower investment result

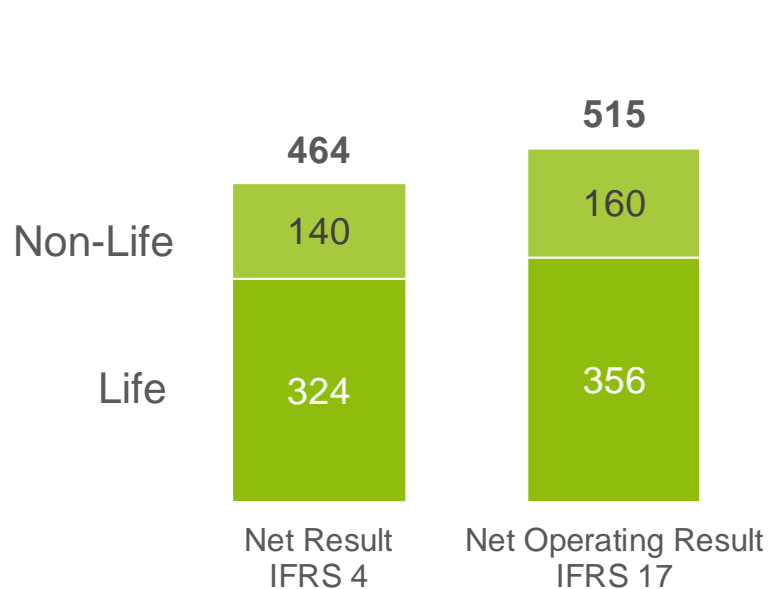
General Account

- Net Result **IFRS4** includes positive value movement on **RPN(i)**



Belgium - Net Operating Result above IFRS 4 Net Result thanks to transition differences

In EUR mio
FY22



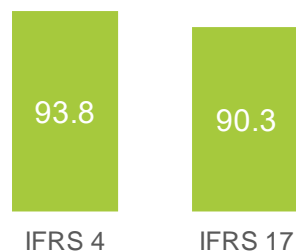
Life

- Positive contribution from **reversal of losses on onerous contracts** and positive **transition impact**

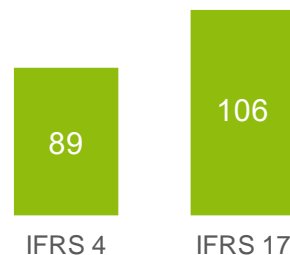
Non-Life

- **Limited impact from discounting new claims** (-1pp) as large part of the claims already discounted under IFRS 4 off-set by unwind of discount rate
- Reversal of losses on **onerous A&H contracts**. Other transition differences balance each other out (no off-set by increase of Reinsurance Cap Mgmt)

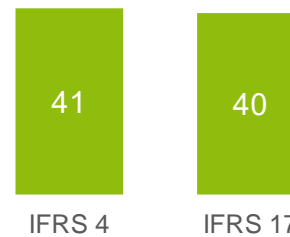
Combined ratio



Guaranteed margin

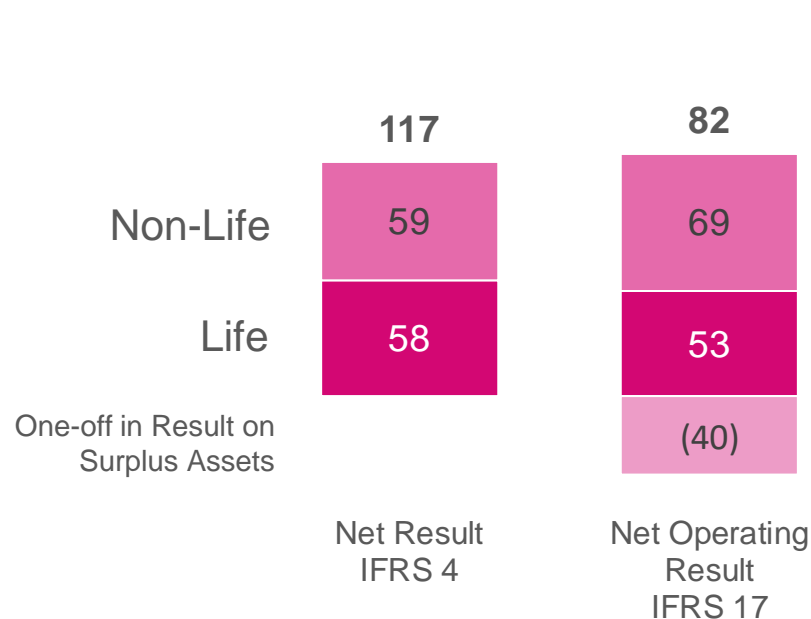


Unit-Linked margin



Europe - Net Operating Result impacted by one-off Result on surplus assets

In EUR mio
FY22



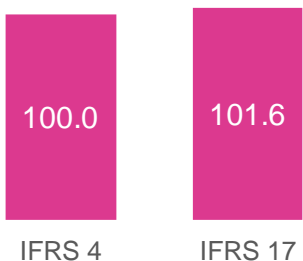
Life

- **Net Operating Result** down on one-off drop in Result on surplus assets linked to realised losses (on under IAS39 impaired equity) and impairments in **Portugal** and **France**
- **Guaranteed margin** supported by transition differences

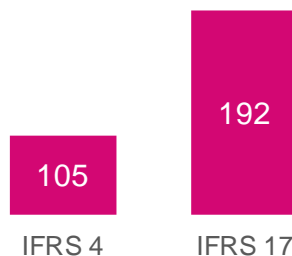
Non-Life

- Higher due to Reinsurance Cap. Mngnt commission and lower acquisition costs linked to run-off of corporate book in **UK** as Ageas elected to immediately expense acquisition costs
- Loss component in **Türkiye**

Combined ratio



Guaranteed margin

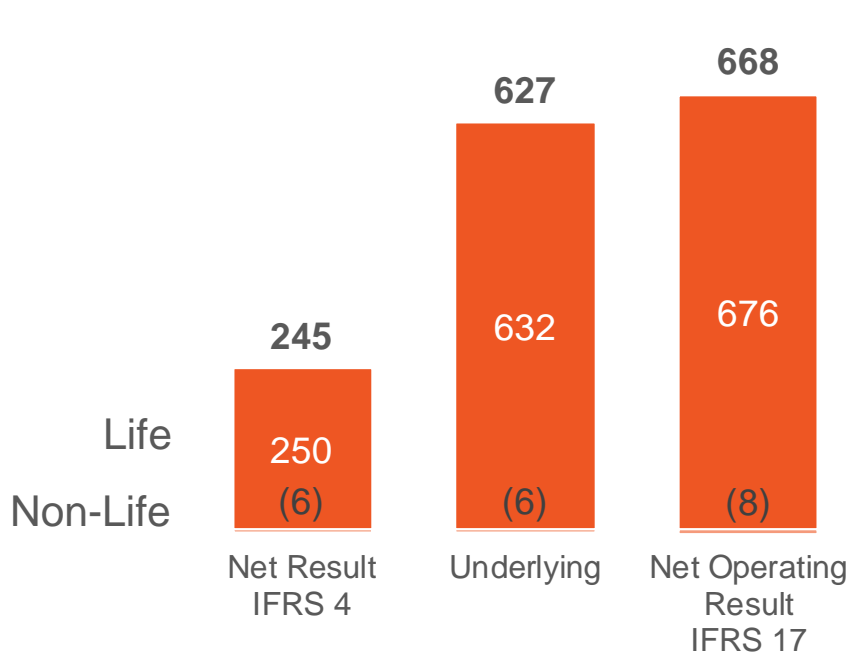


Unit-Linked margin



Asia - Net Operating Result in line with Underlying Result

Improved transparency as NCPs included in Management P&L



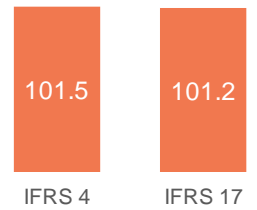
Life

- More stable Net Operating Result as adjusted for **non-cash investment movements** and **VIR impact** through OCI with unwind over time
- In **China higher unwind of discount** more than offset by additional **forward curve effect**
- Important contribution from **protection results**, making Life margin less predictive in growing AuM markets

Non-Life

- Results broadly similar

Combined ratio

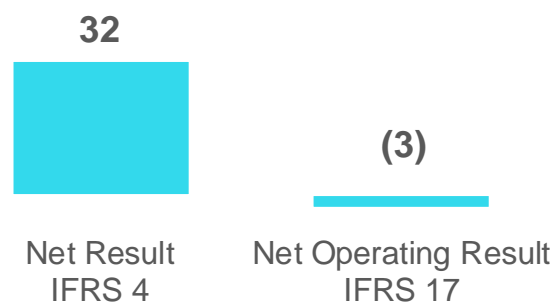


Life margin



Reinsurance – Timing differences between IFRS 4 and IFRS 17

In EUR mio
FY22

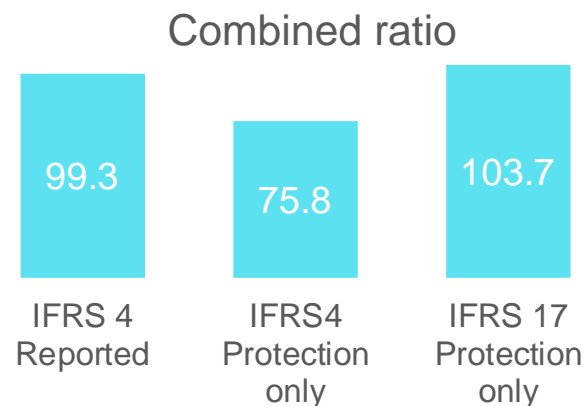


Capital Management

- **Limited difference** with increased contribution from Belgium offsetting negative difference from UK

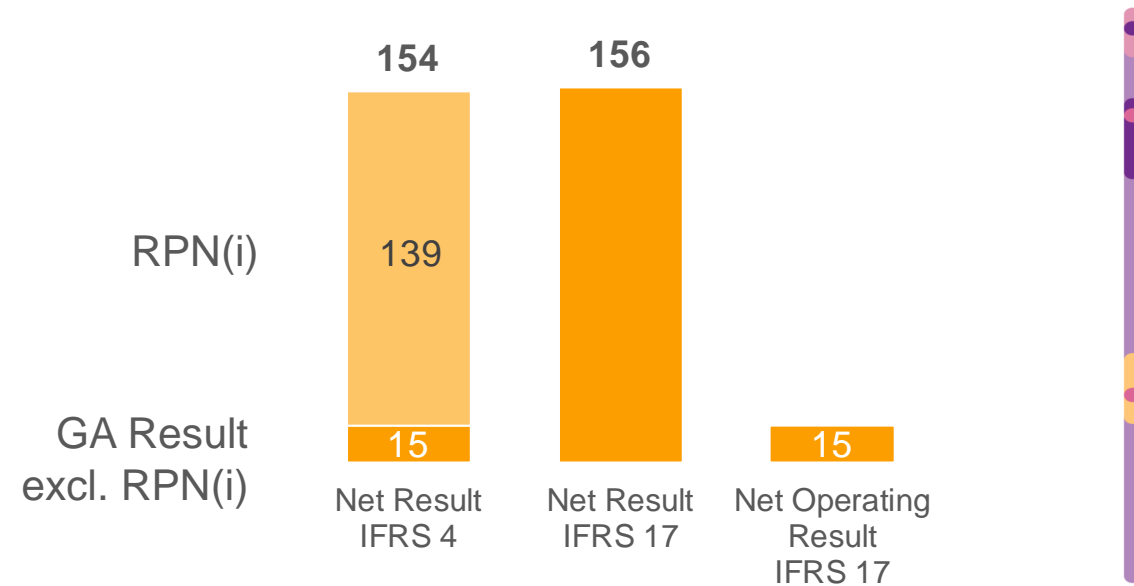
Protection

- Drop in Non-Life Protection Result as **PY results and premium differences** under IFRS4 already included in **Opening Balance Sheet**
- Move to **net/gross** : deterioration -13 pp




General Account - Limited difference

In EUR m
FY22



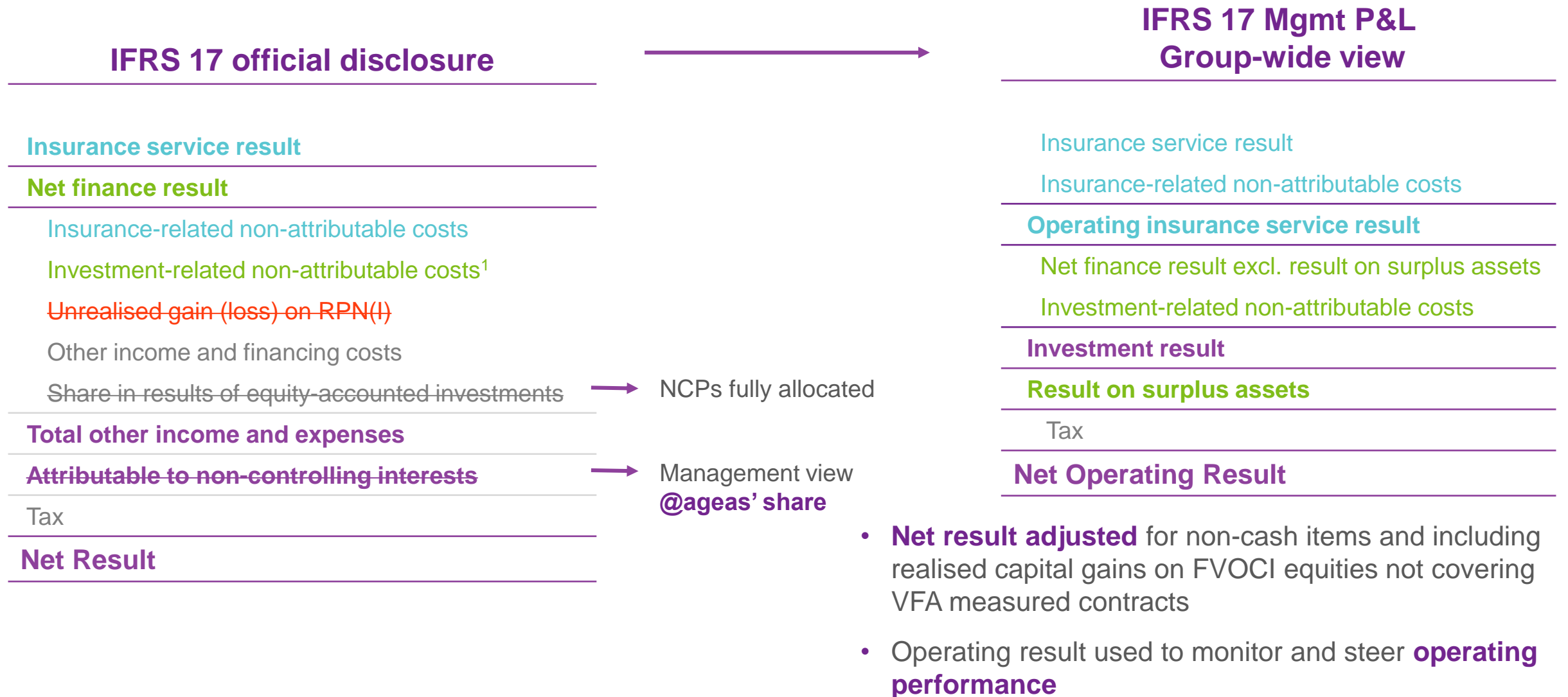
- Net Result under IFRS 4 and IFRS 17 include the non-cash **RPN(i)** movement – Not included in Net Operating Result
- **FRESH liability management transaction** for EUR 146 mio



Impact on P&L and Performance Metrics

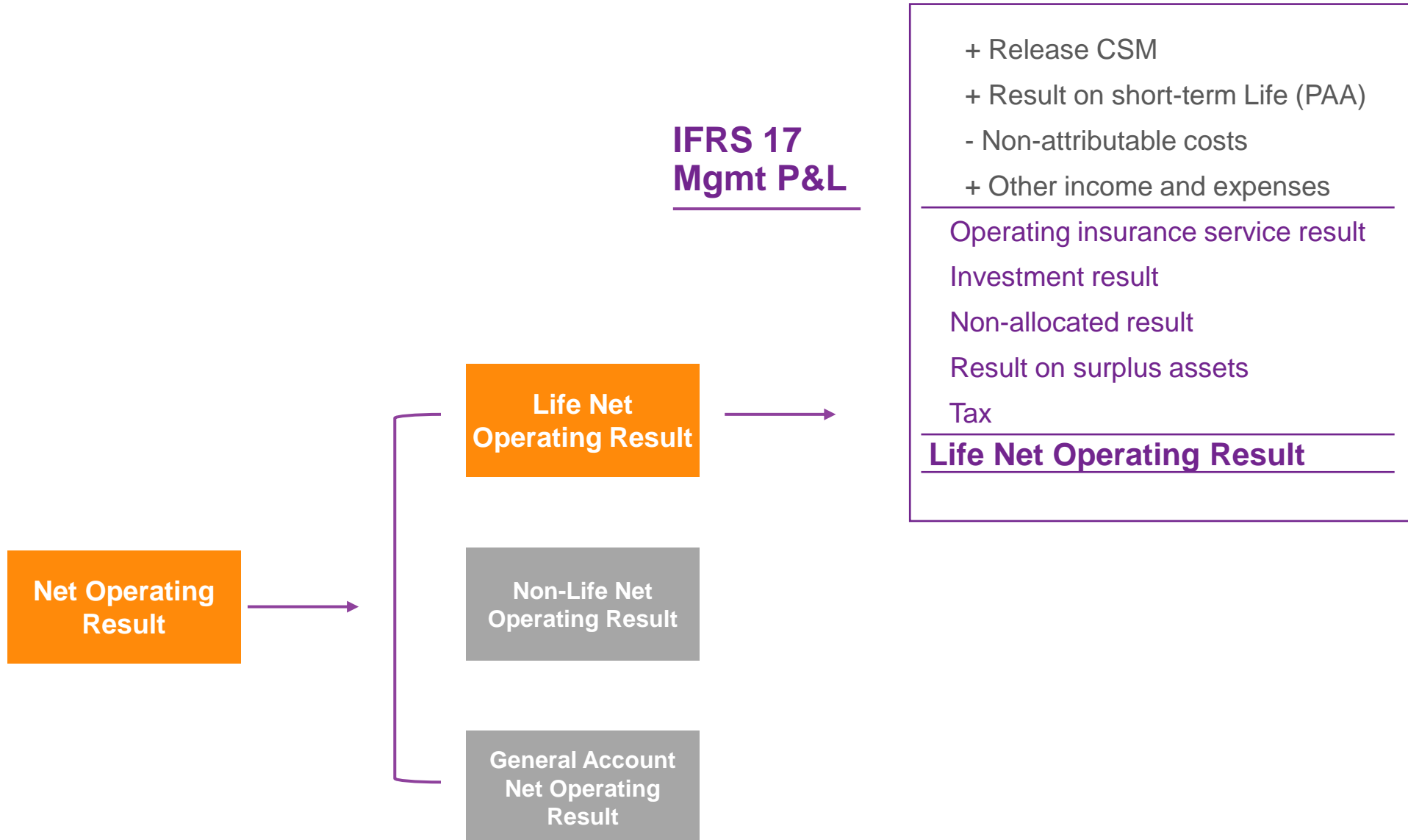
Management P&L provides additional insights on result drivers

Mgmt view, margin & COR at ageas' share



Note: ¹Sizeable part of non-attributable costs relate to investments in direct Real Estate and car parks - allocated in mgmt. P&L to investment result and result on surplus assets.

Life Net Operating Result



Life Management P&L view

Provides additional insights in the Life result drivers

+ Release CSM
+ Result on short-term Life (PAA)
- Non-attributable costs
+ Other income and expenses
Operating insurance service result
Investment result
Non-allocated result
Result on surplus assets
Tax
Life Net Operating Result

Release CSM	<ul style="list-style-type: none">• CSM valued at locked-in rates (BBA) or current rates (VFA)• Operational variance for future service accounted for in CSM• For VFA, changes in cash flows due to market movements accounted for in CSM• Release over time based on (weighted) coverage units
Result on short-term Life	<ul style="list-style-type: none">• PAA measured contracts – short term replicable
Non-attributable costs	<ul style="list-style-type: none">• Insurance related non-attributable costs
Other income and expenses	<ul style="list-style-type: none">• Risk adjustment• Experience variance for current and past service• Reinsurance result
Non-allocated result	<ul style="list-style-type: none">• Includes the result of operations that have not yet moved to IFRS 17 (Vietnam, Philippines)
Investment result	<p>For VFA, zero by design (concept of mirroring), unless the measurement of ICLs is impacted by other items than investment income</p> <p>For BBA/PAA add-on margin on invested assets</p> <ul style="list-style-type: none">• Net Investment Income, excl. Result on surplus assets• Insurance finance expenses measured at<ul style="list-style-type: none">• crediting rate; or• locked-in rates• Captures add-on real world margin
Result on surplus assets	<ul style="list-style-type: none">• Financial income on investments of surplus assets, previously called Non-allocated other income and expenses• Surplus assets are defined as the assets over liabilities, sometimes also called net worth

Life margins calculation largely unchanged

IFRS 4 Life Operating margin

$$\frac{\left[\begin{array}{l} \text{Net underwriting result +} \\ \text{Investment result} \end{array} \right]}{\left[\begin{array}{l} \text{Average life technical liabilities,} \\ \text{excl. shadow accounting} \end{array} \right]}$$

IFRS 17 Life margin

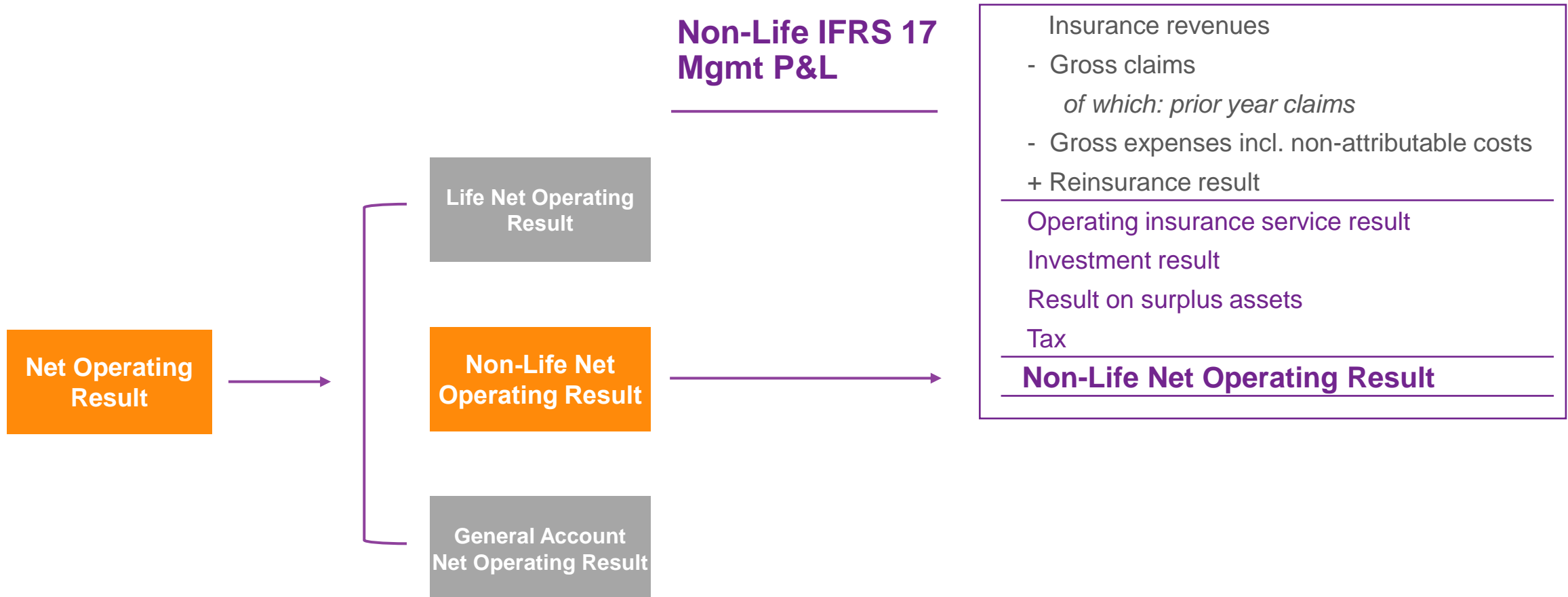
$$\frac{\left[\begin{array}{l} \text{Operating insurance service} \\ \text{result + Investment result +} \\ \text{Non-allocated result} \end{array} \right]}{\left[\begin{array}{l} \text{Average Liabilities excl. UG/L} \end{array} \right]}$$

- **Product Groups** : Guaranteed and Unit-Linked
- For Asia: margin in guaranteed, split will be provided when Unit-Linked is more material



Non-Life Net Operating Result

Result drivers similar as before, all claims discounted



Insurance revenues - Gross claims <i>of which: prior year claims</i> - Gross expenses incl. non-attributable costs + Reinsurance result
Operating insurance service result Investment result Result on surplus assets Tax
Non-Life Net Operating Result

Insurance revenues	<ul style="list-style-type: none"> Insurance revenue captures the amount charged for insurance coverage provided over the period. In Non-Life, insurance revenues comparable to gross earned premiums
Gross claims	<ul style="list-style-type: none"> Incurred claims before reinsurance
Gross expenses	<ul style="list-style-type: none"> Incurred expenses incl. non attributable costs
Reinsurance result	<ul style="list-style-type: none"> The income or expenses from reinsurance contracts, other than insurance finance income or expenses, as a single amount
Investment result	<ul style="list-style-type: none"> Net Investment Income, excl. Result on surplus assets Insurance finance expenses measured at <ul style="list-style-type: none"> crediting rate; or locked-in rates Captures add-on real world margin
Result on surplus assets	<ul style="list-style-type: none"> Financial income on investments of surplus assets, previously called Non-allocated other income and expenses

Move to calculation of COR on net/gross basis

IFRS 4 Combined ratio net/net

$$\frac{\text{Net claims + Net expenses}}{\text{Net earned premium}}$$

Combined ratio @ segment level

Combined ratio before internal capital management reinsurance best metric for performance of the segment

IFRS 17 Combined ratio net/gross

$$\frac{\text{Gross claims + Gross expenses + Reinsurance result}}{\text{Insurance revenues}}$$

$$\frac{\text{Gross claims + Gross expenses + Reinsurance result (protection)}}{\text{Insurance revenues}}$$

- **Product Groups** : Accident & Health, Motor, Household and Other (incl. Reinsurance)

Comprehensive equity provides an improved economic view on equity

- Concept of **Comprehensive equity**: equity needs to be considered together with the contractual service margin to have an economic view
- **IFRS Financial leverage** to be considered in relation to comprehensive equity

Share capital and share premium

Other reserves and net result of the period

UG/L on assets and liabilities

Shareholders' equity (SHE)

+ Non-recognised UG/L (after-tax and at ageas' share) on Real Estate & car parks

+ Contractual Service Margin (CSM) after tax and at ageas' share

Comprehensive equity



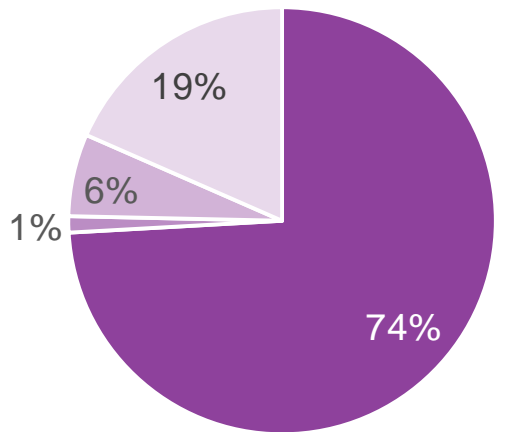
Measurement Models and Accounting Choices

- **BBA** (Building Block Approach, also referred to as the General Measurement Model):
 - Default model for all insurance contracts and investment contracts with discretionary participation features
 - Types of contracts : long-term insurance, protection business, annuities, non-participating business, fully discretionary life business, long term or inflation sensitive non-life insurance contracts, Unit-Linked highly interrelated to BBA contracts
- **VFA** (Variable Fee Approach) :
 - Mandatory model for insurance contracts with direct participation features
 - Types of contracts : Unit-Linked contracts, participating business with a determinable fee
- **PAA** (Premium Allocation Approach) :
 - Simplified optional model for short term contracts
 - Types of contracts : short term non-life insurance, repriceable term life & specific group contracts, most reinsurance treaties, Unit-Linked insurance contracts with resettable fees

Measurement models Life

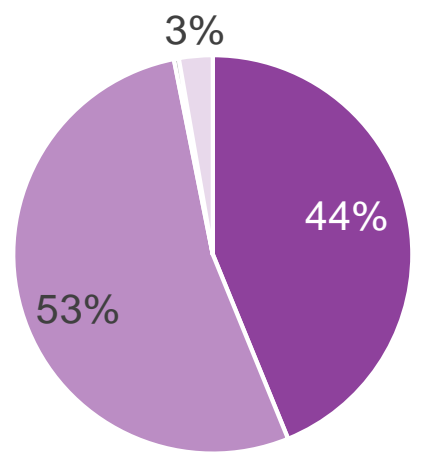
Group-wide
@ageas' share
In % of Life liabilities
EOY22

conso



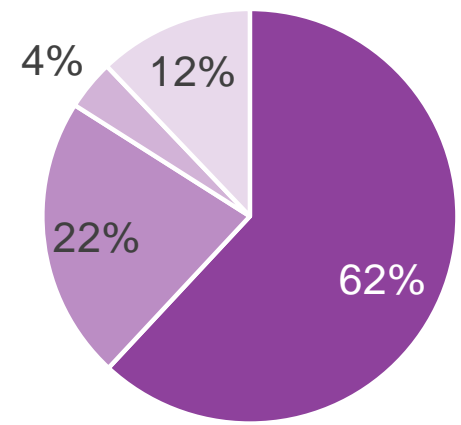
■ BBA ■ VFA ■ PAA ■ IFRS 9

NCPs



■ BBA ■ VFA ■ PAA ■ IFRS 9

Group-wide



■ BBA ■ VFA ■ PAA ■ IFRS 9

For consolidated entities :

- Mainly **BBA** thanks to fully **discretionary profit sharing** business in **Belgium & Portugal**
- **Unit-Linked business** spread over **IFRS 9/BBA/PAA/VFA** in line with the nature of the contracts

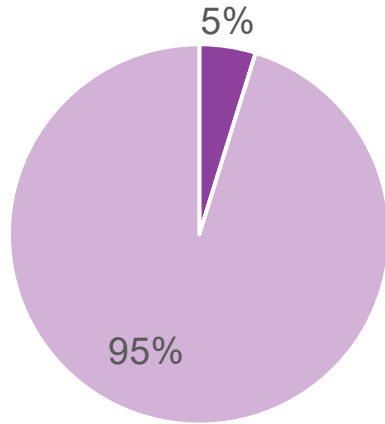
For NCPs :

- Important **VFA** from **participating business** in **China** and **Malaysia**
- **BBA** from **non-participating business** in **China** and **Thailand**

Measurement models Non-Life

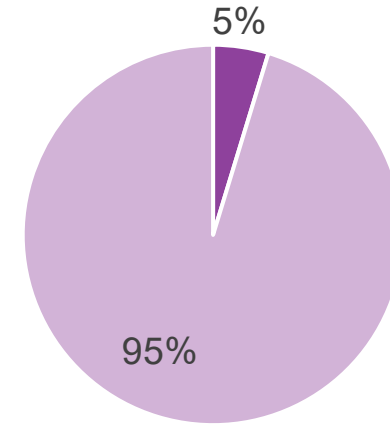
Group-wide
@ageas' share
In % of Non-Life liabilities
EOY22

conso



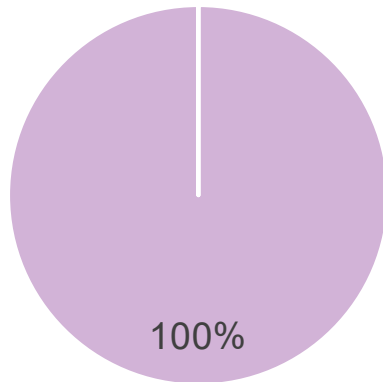
■ BBA ■ PAA

Group-wide



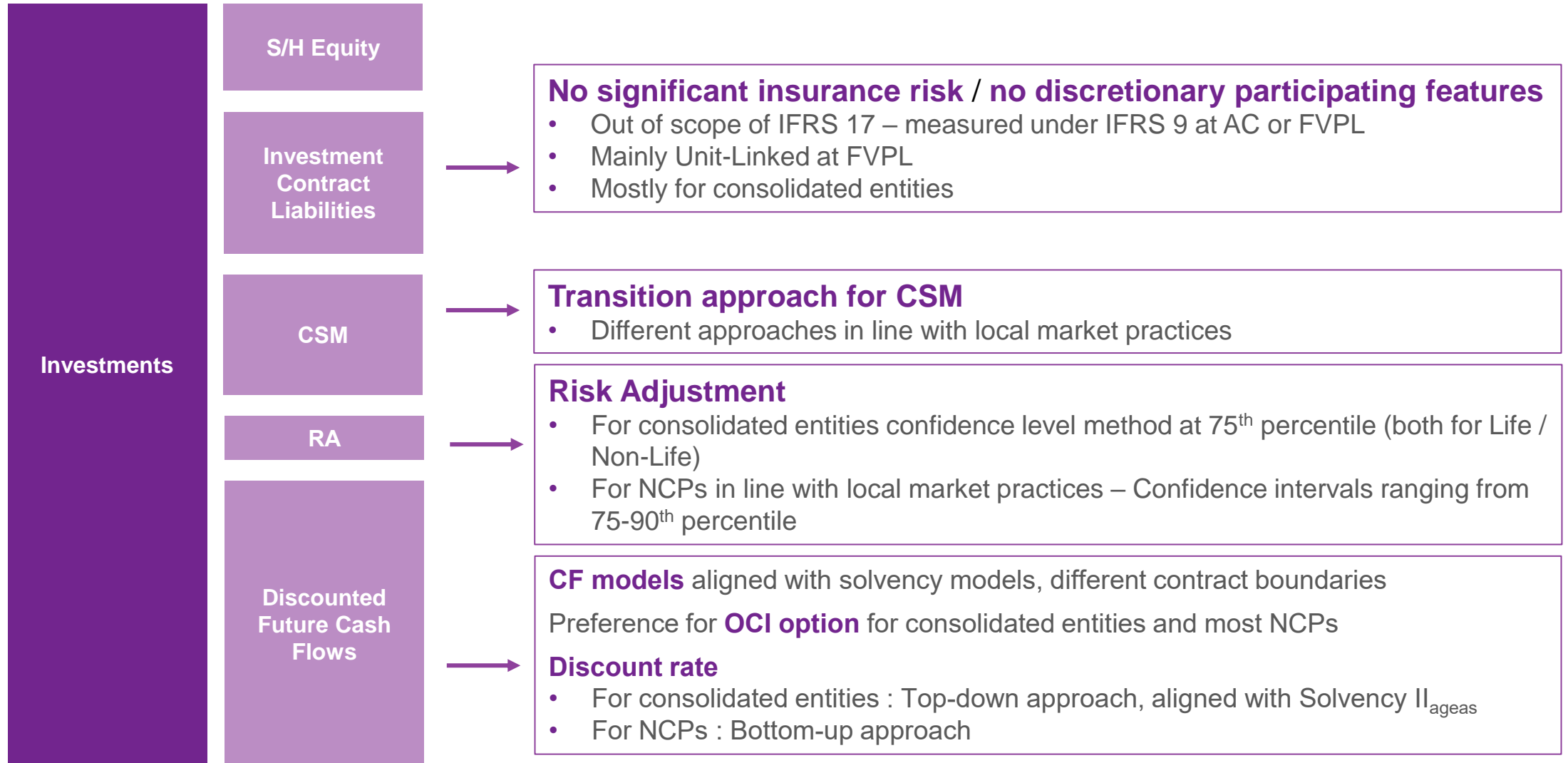
■ BBA ■ PAA

NCPs



■ BBA ■ PAA

- Majority of **Non-Life business** accounted for under the simplified model **PAA**
- BBA for contracts with > 1 year coverage, mostly **individual health** in **Belgium**



Life Liabilities - In future disclose Life Liabilities, excl. UG/L

Life Liabilities excl. UG/L in line with IFRS 4. UG/L better matched with UG/L on assets

Group-wide
In EUR bn
EoY22
@ageas' share

Life Technical Liabilities Life Liabilities excl. UG/L



■ shadow ■ Belgium ■ Europe ■ Asia

Asia

- **VIR** through OCI and **reclass of assets** (eg policy loans) to liabilities in line with IFRS17 principles

Europe

- **France** excluded awaiting close of sale

Consolidated entities

- 2022 comparative results and Opening Balance Sheet under IFRS 17/9 **audited**

NCPs

- 2022 comparative results and Balance Sheet in **under review by auditors**, preparing H1 2023 reporting
- China, Thailand Life, Malaysia and Türkiye under IFRS 17/9 as from 2023
- Others
 - Accounted for under IFRS 4 until local adoption to avoid future consolidation differences
 - Impact on consolidated figures not material - assessment in collaboration with external auditors
 - Life companies included under Non-allocated result and included in Life margin

BBA: Building Block Approach (see also GMM)

BOY (BoY): Beginning of Year

CF: Cash Flow(s)

COR: Combined Ratio

DAC: Deferred Acquisition Costs

ECL: Expected Credit Losses

FCG: Free Capital Generation

FRA: Full Retrospective Approach (transition to IFRS 17)

FVA: Fair Value Approach (transition to IFRS 17)

FVOCI: Fair Value through Other Comprehensive Income

FVPL: Fair Value through Profit or Loss

GMM: General Measurement Model (see also BBA)

HTM: Held To Maturity

ICL : Insurance Contract Liabilities

Infra: Infrastructure

KPI: Key Performance Indicator

LIC: Liability for Incurred Claims

LRC: Liability for Remaining Coverage

MRA: (Modified Retrospective Approach (transition to IFRS 17)

OBS: Openings Balance Sheet

PAA: Premium Allocation Approach

RG/L: Realised Gains / Losses

RPN(I): Relative Performance Note (on Cashes)

SHE: Shareholders Equity

SPPI: Solely Payments of Principal and Interest

UG/L: Unrealised Gains / Losses

VFA: Variable Fee Approach

VIR: Valuation Interest Rate