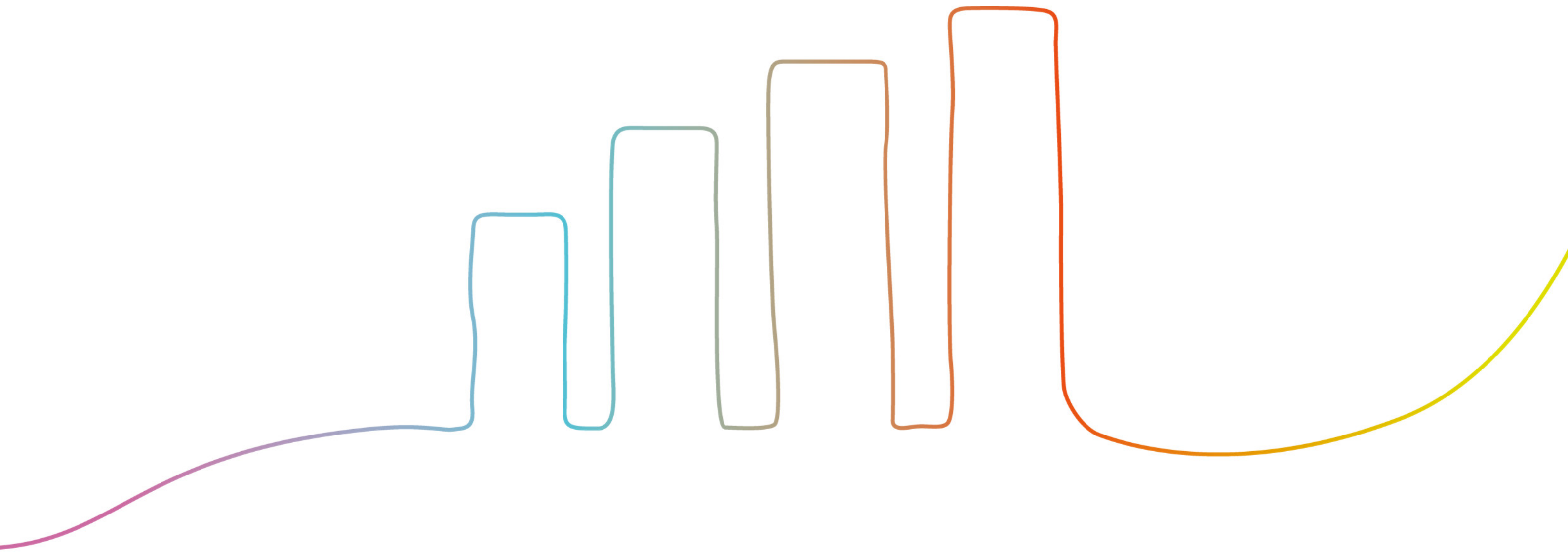
Condensed Consolidated Interim Financial Statements

for the first six months of 2018

Brussels, 8 August 2018



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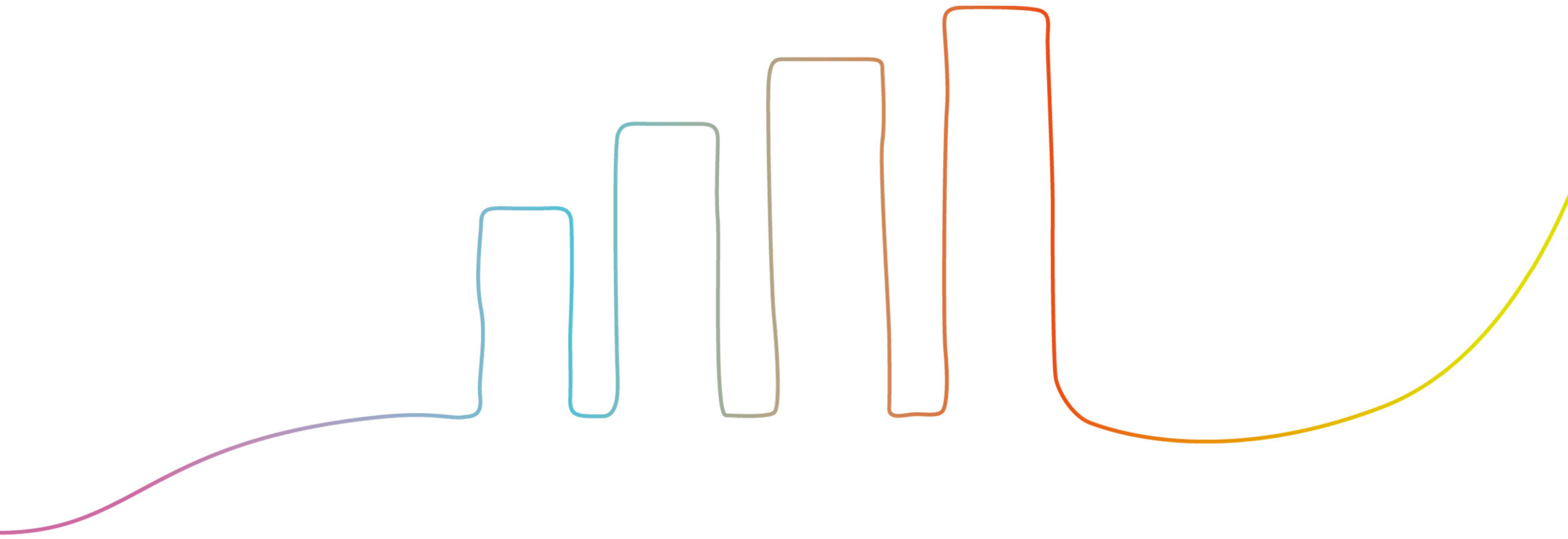


Developments and results

All amounts in the tables of these Condensed Consolidated Interim Financial Statements are denominated in millions of euros, unless stated otherwise.

Developments and results

Results of Ageas

The Group net result in the six months amounted to EUR 441 million. The first 6 month Insurance net profit amounted to EUR 475 million, compared to EUR 445 million last year with substantially lower net capital gains in Belgium and the UK and equity impairments in Asia in the second quarter. The significantly higher contribution from China resulted in a Life net profit of EUR 373 million, an increase of 20%. The Non-Life net result stood at EUR 102 million. Although impacted by adverse weather in Belgium and the UK amounting to EUR 62 million, the result decreased by just EUR 31 million year-on-year thanks to a continued strong operating performance. Last year's result included a EUR 31 million negative Ogden impact.

Life

The net result increased to EUR 373 million with strong results in all segments and in particular a substantially higher contribution from Asia of EUR 164 million. This high result can mainly be attributed to China where net profit in the first quarter benefitted from a positive evolution of the interest rate, partially offset by equity impairments in the second quarter.

Non-life

The net result of the Non-Life activities remained strong at EUR 102 million despite the negative impact of EUR 62 million related to the adverse weather in Belgium and the UK. Last year's result included EUR 7 million contribution from Cargeas and a EUR 31 million negative impact related to Ogden. The underlying improvement in net result stems from all operating segments.

The internal Non-Life reinsurer Intreas reinsured EUR 29 million of premiums from operating companies within the Group and contributed EUR 2 million (vs. EUR 3 million) to the Non-Life net result.

General Account

The net result for the General Account in the six months amounted to EUR 34 million negative. Staff and other operating expenses stood at EUR 39 million (vs. EUR 35 million). The RPN(I) liability reduced to EUR 439 million at the end of June, thus contributing EUR 9 million to the net result.

Net cash position General account

The total liquid assets in the General Account amounted to EUR 1.8 billion up slightly compared to the end of 2017. This increase is mainly explained by a EUR 599 million dividend upstream from the operating companies, more than covering the dividend paid to shareholders and the holding expenses. An amount of EUR 0.9 billion remains ring-fenced for the Fortis settlement.

Solvency

The Own Funds of the Group amounted to EUR 8.2 billion, EUR 4.3 billion above SCR. This led to a strong Group Solvency II_{ageas} ratio of 211%, 15pp up compared to year-end 2017 on the back of the expiration of the put option, the increased fungibility of Own Funds related to the license obtained to operate reinsurance activities and the good operational performance of the insurance operations. The Insurance Solvency ratio improved to 202%, with increasing Solvency ratios in all segments.

Brussels, 7 August 2018

Board of Directors

Ageas
Consolidated financial statements for the first six months of 2018

Consolidated statement of financial position

(before appropriation of profit)

	Note	30 June 2018	31 December 2017
Assets			
Cash and cash equivalents		2,315.6	2,552.3
Financial investments	7	62,944.6	63,372.8
Investment property	7	2,882.8	2,649.1
Loans	8	9,572.1	9,416.0
Investments related to unit-linked contracts		16,025.8	15,827.3
Investments in associates	9	3,010.0	2,941.6
Reinsurance and other receivables		2,138.0	2,185.9
Current tax assets		136.3	40.0
Deferred tax assets		151.9	149.7
Accrued interest and other assets		1,577.6	1,857.8
Property, plant and equipment		1,235.6	1,183.9
Goodwill and other intangible assets		1,122.8	1,122.6
Assets held for sale			41.8
Total assets		103,113.1	103,340.8
Liabilities			
Liabilities arising from Life insurance contracts	10.1	27,200.4	27,480.8
Liabilities arising from Life investment contracts	10.2	30,918.3	31,350.6
Liabilities related to unit-linked contracts	10.3	16,016.6	15,816.2
Liabilities arising from Non-life insurance contracts	10.4	7,713.1	7,575.0
Subordinated liabilities	11	2,275.5	2,261.3
Borrowings	12	2,269.1	1,969.3
Current tax liabilities		52.2	72.6
Deferred tax liabilities		1,153.9	1,054.9
RPN(I)	13	439.4	448.0
Accrued interest and other liabilities		2,256.9	2,412.1
Provisions	14	1,175.0	1,178.1
Liabilities related to written put options on NCI	15	115.2	1,559.7
Total liabilities		91,585.6	93,178.6
Shareholders' equity	3	9,309.8	9,610.9
Non-controlling interests		2,217.7	551.3
Total equity		11,527.5	10,162.2
Total liabilities and equity		103,113.1	103,340.8

Consolidated income statement

	Note	First half year 2018		First half year 2017	
Income					
- *Gross premium income*		*4,335.4*		*4,271.1*	
- *Change in unearned premiums*		*(92.4)*		*(117.7)*	
- *Ceded earned premiums*		*(122.2)*		*(125.1)*	
Net earned premiums	*19*		4,120.8		4,028.3
Interest, dividend and other investment income	*20*		1,354.3		1,400.6
Unrealised gain (loss) on RPN(I)			8.6		(121.9)
Result on sales and revaluations			153.8		147.9
Investment income related to unit-linked contracts			(31.9)		400.5
Share in result of associates	*9*		207.2		149.0
Fee and commission income			162.0		169.3
Other income			108.2		52.8
Total income			6,083.0		6,226.5
Expenses					
- *Insurance claims and benefits, gross*		*(3,862.3)*		*(3,938.9)*	
- *Insurance claims and benefits, ceded*		*33.0*		*254.9*	
Insurance claims and benefits, net	*21*		(3,829.3)		(3,684.0)
Charges related to unit-linked contracts			(13.3)		(427.5)
Financing costs	*22*		(58.7)		(59.3)
Change in impairments			(18.2)		(7.0)
Change in provisions	*14*		(0.1)		0.6
Fee and commission expenses			(536.1)		(575.2)
Staff expenses			(408.0)		(410.0)
Other expenses			(566.4)		(516.4)
Total expenses			(5,430.1)		(5,678.8)
Result before taxation			652.9		547.7
Tax income (expenses)			(111.3)		(145.8)
Net result for the period			541.6		401.9
Attributable to non-controlling interests			100.4		118.3
Net result attributable to shareholders			441.2		283.6
Per share data (EUR)					
Basic earnings per share	*3*		2.23		1.40
Diluted earnings per share	*3*		2.23		1.39

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

	Note	First half year 2018	First half year 2017
Gross premium income		4,335.4	4,271.1
Inflow deposit accounting (directly recognised as liability)	*19*	735.3	916.5
Gross inflow		5,070.7	5,187.6

Consolidated statement of comprehensive income

	Note	First half year 2018		First half year 2017	
COMPREHENSIVE INCOME					
Items that will not be reclassified to the income statement:					
Remeasurement of defined benefit liability		*19.8*		*33.5*	
Related tax		*(1.2)*		*(12.1)*	
Remeasurement of defined benefit liability		18.6		21.4	
Total of items that will not be reclassified to the income statement:			18.6		21.4
Items that are or may be reclassified to the income statement:					
Change in amortisation of investments held to maturity		*5.4*		*8.4*	
Related tax		*(1.3)*		*(2.1)*	
Change in investments held to maturity	7	4.1		6.3	
Change in revaluation of investments available for sale [1)]		*73.8*		*(36.1)*	
Related tax		*(50.2)*		*49.5*	
Change in revaluation of investments available for sale	7	23.6		13.4	
Share of other comprehensive income of associates	9	(27.1)		(36.8)	
Change in foreign exchange differences		19.8		(141.8)	
Total items that are or may be reclassified to the income statement:			20.4		(158.9)
Other comprehensive income for the period			38.9		(137.5)
Net result for the period			541.6		401.9
Total comprehensive income for the period			580.5		264.4
Net result attributable to non-controlling interests		100.4		118.3	
Other comprehensive income attributable to non-controlling interests		15.4		17.1	
Total comprehensive income attributable to non-controlling interests			115.8		135.4
Total comprehensive income attributable to shareholders			464.7		129.0

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

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2017	1,602.6	2,450.2	2,923.7	86.1	27.1	2,470.9	9,560.6	644.4	10,205.0
Net result for the period					283.6		283.6	118.3	401.9
Revaluation of investments						(30.1)	(30.1)	13.0	(17.1)
Remeasurement IAS 19			15.8				15.8	5.6	21.4
Foreign exchange differences				(140.3)			(140.3)	(1.5)	(141.8)
Total non-owner changes in equity			15.8	(140.3)	283.6	(30.1)	129.0	135.4	264.4
Transfer			27.1		(27.1)				
Dividend			(419.4)				(419.4)	(156.0)	(575.4)
Increase of capital								3.5	3.5
Treasury shares			(148.7)				(148.7)		(148.7)
Cancellation of shares	(53.0)	(191.2)	244.2						
Share-based compensation		(9.7)					(9.7)		(9.7)
Impact written put option on NCI [1]			(145.8)				(145.8)	50.4	(95.4)
Other changes in equity [2]			7.7				7.7	(28.2)	(20.5)
Balance as at 30 June 2017	1,549.6	2,249.3	2,504.6	(54.2)	283.6	2,440.8	8,973.7	649.5	9,623.2
Balance as at 1 January 2018	1,549.6	2,251.5	2,481.2	(84.2)	623.2	2,789.6	9,610.9	551.3	10,162.2
Net result for the period					441.2		441.2	100.4	541.6
Revaluation of investments						(11.6)	(11.6)	12.1	0.5
Remeasurement IAS 19			15.8				15.8	2.8	18.6
Foreign exchange differences				19.3			19.3	0.5	19.8
Total non-owner changes in equity			15.8	19.3	441.2	(11.6)	464.7	115.8	580.5
Transfer			623.2		(623.2)				
Dividend			(403.2)				(403.2)	(200.1)	(603.3)
Increase of capital								13.5	13.5
Treasury shares			(98.2)				(98.2)		(98.2)
Cancellation of shares	(47.2)	(195.7)	242.9						
Share-based compensation		(4.5)					(4.5)		(4.5)
Impact written put options on NCI [1]			(253.4)				(253.4)	1,695.4	1,442.0
Other changes in equity [2]			(7.2)	1.3		(0.6)	(6.5)	41.8	35.3
Balance as at 30 June 2018	1,502.4	2,051.3	2,601.1	(63.6)	441.2	2,777.4	9,309.8	2,217.7	11,527.5

1. *Relates to the put option on AG Insurance shares and the put option on Interparking shares (see note 15 Liabilities related to written put options NCI).*
2. *Other changes in shareholders' equity includes an indemnity paid to BNP Paribas Fortis for the Ageas shares held related to the CASHES securities and the payment to holders of FRESH securities.*

Consolidated statement of cash flow

	Note	First half year 2018		First half year 2017	
Cash and cash equivalents as at 1 January			2,552.3		2,180.9
Result before taxation			652.9		547.7
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	13	(8.6)		121.9	
Result on sales and revaluations		(153.8)		(147.9)	
Share in result of associates		(207.2)		(149.0)	
Depreciation, amortisation and accretion		330.8		450.1	
Impairments		18.2		7.0	
Provisions	14	(0.4)		(0.6)	
Share-based compensation expense		5.7		3.0	
Total adjustments to non-cash items included in result before taxation			*(15.3)*		*284.5*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	16	26.5		(121.5)	
Loans	8	(156.1)		(367.2)	
Reinsurance and other receivables		37.5		(6.2)	
Investments related to unit-linked contracts		(198.5)		(854.2)	
Borrowings	12	208.1		(186.2)	
Liabilities arising from insurance and investment contracts	10.1 & 10.2 & 10.4	(365.7)		(50.6)	
Liabilities related to unit-linked contracts	10.3	122.8		659.5	
Net changes in all other operational assets and liabilities		404.2		18.8	
Dividend received from associates		158.2		117.8	
Income tax paid		(211.3)		(162.7)	
Total changes in operating assets and liabilities			*25.7*		*(952.5)*
Cash flow from operating activities			663.3		(120.3)
Purchases of financial investments		(5,312.2)		(4,419.6)	
Proceeds from sales and redemptions of financial investments		5,267.7		5,390.6	
Purchases of investment property		(76.4)		(75.4)	
Proceeds from sales of investment property		8.4		10.1	
Purchases of property, plant and equipment		(50.2)		(56.0)	
Proceeds from sales of property, plant and equipment		0.2		8.6	
Acquisitions of subsidiaries and associates (including capital increases in associates)	2	(114.1)		(176.4)	
Divestments of subsidiaries and associates (including capital repayments of associates)	2	88.0		239.6	
Purchases of intangible assets		(16.6)		(6.3)	
Proceeds from sales of intangible assets		0.1		11.0	
Cash flow from investing activities			(205.1)		926.2
Proceeds from the issuance of other borrowings	12	10.2		3.1	
Payment of other borrowings	12	(5.4)		(28.7)	
Purchases of treasury shares	3 & 4	(98.2)		(148.7)	
Dividends paid to shareholders of parent companies		(403.2)		(419.4)	
Dividends paid to non-controlling interests		(200.1)		(156.0)	
Cash flow from financing activities			(696.7)		(749.7)
Effect of exchange rate differences on cash and cash equivalents			1.8		(7.2)
Cash and cash equivalents as at 31 December			2,315.6		2,229.9
Supplementary disclosure of operating cash flow information					
Interest received	20	1,313.6		1,461.7	
Dividend received from financial investments	20	85.0		85.6	
Interest paid	22	(66.5)		(70.6)	

General Notes

1 Summary of accounting policies

The Ageas Condensed Consolidated Interim Financial Statements for the first six months of 2018 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).

1 Basis of accounting

The Ageas Condensed Consolidated Interim Financial Statements provide an update to the latest complete set of Annual Financial Statements for the year ended 31 December 2017 and should accordingly be read in conjunction with the Ageas Annual Report of 2017.

The accounting policies applied for the first six months of 2018 are consistent with those applied for the year ended 31 December 2017, except for new and amended IFRS-standards. New and amended IFRS-standards effective on 1 January 2018 with importance for Ageas (and endorsed by the EU) are listed in paragraph 2. The accounting policies as disclosed in our Annual Report 2017 are a summary of the complete Ageas accounting policies, which can be found at: https://www.ageas.com/about/supervision-audit-and-accounting-policies.

The Ageas Condensed Consolidated Interim Financial Statements are prepared on a going concern basis and are presented in euros, the functional currency of the parent company of Ageas.

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

The most significant IFRS-standards for the measurement of assets and liabilities as applied by Ageas are:
- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 23 for borrowing costs;
- IAS 28 for investments in associates and joint ventures;
- IAS 32 for presentation of financial instruments;
- IAS 36 for the impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for recognition and measurement of financial instruments;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for insurance contracts;
- IFRS 7 for the disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 10 for consolidated financial statements;
- IFRS 12 for disclosure of interests in other entities;
- IFRS 13 for fair value measurements; and
- IFRS 15 for revenue from contracts with customers.

2 Changes in accounting policies

The following new or revised standards, interpretations and amendments to standards and interpretations became effective on 1 January 2018 (and are endorsed by the EU). The impact of those standards and the new accounting policies is disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' is endorsed by the EU and became effective for Ageas on 1 January 2018. IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue and several IFRIC and SIC interpretations) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as insurance contracts, lease contracts or financial instruments.

IFRS 15 outlines the principles to measure and recognize revenue and the related cash flows. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 offers two methods for initial application: a full retrospective approach with certain practical expedients or a modified retrospective approach with the cumulative effect of initial application of this standard recognized at the date of initial application with certain additional disclosures. Ageas has decided to apply the modified approach to transition.

Implementation of the standard, and its clarifying amendment, has no material impact on Shareholder's Equity, Net Result and/or Other Comprehensive Income and disclosures.

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and endorsed by the EU in November 2016. The requirements of IFRS 9 became effective as from 1 January 2018. However, Ageas decided to apply the optional temporary exemption in IFRS 4 from applying IFRS 9 until 2021 (see below).

IFRS 9 replaces most of the current IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

The classification and measurement of financial assets under IFRS 9 will depend on both the entity's business model and the instrument's contractual cash flow characteristics. The classification of financial liabilities remains unchanged. The recognition and measurement of impairments under IFRS 9 is based on an expected credit loss model, compared to the actual current incurred loss model under IAS 39. As such, under IFRS 9, losses will be recognised earlier. The hedge accounting requirements of IFRS 9 aim at simplifying general hedge accounting.

The IASB discussed in December 2017 the proposed project plan to develop a dynamic risk management accounting model. Specifically, the Board decided:

- to focus first on developing a core model for the most important issues;
- to seek feedback on the feasibility of the core model. The manner in which feedback is obtained will be determined at a later date;
- to address the non-core issues as a final step.

Amendments to IFRS 4 regarding applying IFRS 9 with IFRS 4

In order to address challenges about implementing IFRS 9 before the effective date of IFRS 17 'Insurance Contracts' (1 January 2021), the IASB issued 'Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' in September 2016. These amendments are endorsed by the EU.

The amendments to IFRS 4 offer two options to minimise the effect of the different effective dates; applying IFRS 9 with the overlay approach or a temporary exemption from applying IFRS 9 no later than reporting periods beginning on or after 1 January 2021.

The temporary exemption from applying IFRS 9 is only available for insurers whose activities are predominantly connected with issuing contracts within the scope of IFRS 4. This means that the percentage of the total carrying amount of the liabilities connected with insurance compared to the total carrying amount of all the liabilities of the insurer is greater than 90 per cent or between 80 per cent and 90 per cent, provided that the insurer does not have significant activities unrelated to insurance. Ageas performed such an analysis at the reference date of 31 December 2015 and concluded being eligible to apply the temporary exemption from applying IFRS 9. As a result, Ageas decided to apply the temporary exemption from applying IFRS 9. The implementation of IFRS 9 and the new insurance standard IFRS 17 has been aligned in a combined implementation project.

Other changes

Other changes that became effective after 1 January 2018 (and are endorsed by the EU) do not have a significant impact on or are not relevant to the Financial Statements of Ageas. Those changes relate to:

- Amendments to IAS 40: Transfers of investment property;
- Amendments to IFRS 2: Classification and measurement of Share-based Payment Transactions;
- IFRIC 22: Foreign Currency Transactions and Advance Consideration; and
- Improvements to IFRS (2014-2016 cycle): IFRS 1 First time adoption of International Financial Reporting Standards and IAS 28 Investment in Associates and Joint Ventures.

Impact of IFRS-standards issued, but not yet effective

IFRS 16 Leases

IFRS 16 'Leases' is issued on 13 January 2016 and will become effective as per 1 January 2019. The standard is endorsed by the EU.

IFRS 16 replaces IAS 17 and establishes principles for the recognition, measurement, presentation and disclosure of leases. Upon lease commencement, a lessee recognises a right-of-use asset and a lease liability, initially measured at the present value of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, a lessee shall measure the right-of-use asset using a cost model (some exceptions apply).

The interest expense on the lease liability is separated from the depreciation expense of the right-of-use asset and reported as financing activity. The standard includes two recognition exemptions for lessees of "low-value" assets and short-term leases.

IFRS 16 will not have a material impact on Shareholder's Equity, Net Result and/or Other Comprehensive Income. As most long-term lease contracts must be recognised in the balance sheet there will be an impact on total assets and total liabilities.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

This amendment, which was issued in October 2017 and was endorsed by the EU in March 2018, is effective on 1 January 2019. This amendment is a narrow scope exception that permits instruments with symmetric prepayment options to qualify for amortised cost or fair value through Other Comprehensive Income measurement because these products would otherwise fail the SPPI-condition (solely payments of principal and interest). This amendment is expected to have no material impact on Shareholder's Equity, Net result and/or Other Comprehensive Income.

IFRS 17 Insurance Contracts

IFRS 17 'Insurance Contracts' was issued on 18 May 2017 and will be effective as per 1 January 2021. The IASB is currently undertaking a number of activities to support implementation of the standard, and has established a Transition Resource Group (TRG). IFRS 17 has not yet been endorsed by the EU. In the context of this endorsement, the EU has asked to the EFRAG to prepare an endorsement advice on IFRS 17, which is expected to be published by the end of 2018.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

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

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

- the measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- a Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period);
- certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- the effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- a simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions;
- for insurance contracts with direct participation features, the general measurement model is modified in a Variable Fee Approach (VFA) by adjusting the CSM with changes in financial variables that adjust the variable fee;
- the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period;
- amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components), are not presented in the income statement, but are recognised directly on the balance sheet;
- insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense; and
- extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

A combined implementation project on IFRS 9 and IFRS 17 is ongoing. The effect of implementing IFRS 9 and IFRS 17 will result in a significant change to the accounting in the IFRS Financial Statements and the financial impact on Shareholder's Equity, Net Result and/or Other Comprehensive Income is expected to be significant. The implementation of both standards will also have an impact on the notes to the IFRS Financial Statements.

Other changes

Other forthcoming changes, which have not yet been endorsed by the EU, are not expected to have a significant impact or are not relevant to the Financial Statements of Ageas. Those changes relate to:

- IFRIC 23: Uncertainty of Income Tax Treatments;
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures;
- Amendments to IAS 19: Plan amendments, curtailment or settlement; and
- Annual improvements to IFRS (2015-2017 cycle): IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.

3 Accounting estimates

The preparation of the Ageas Consolidated Financial Statements in conformity with IFRS, requires the use of certain estimates at the end of the reporting period. In general these estimates and the methods used have been consistent since the introduction of IFRS in 2005. Each estimate by its nature carries a significant risk of material adjustments (positive or negative) to the carrying amounts of assets and liabilities in the next financial year.

The key estimates at the reporting date are shown in the table below.

30 June 2018

Assets	Estimation uncertainty
Available for sale securities	
Financial instruments	
- Level 2	- The valuation model - Inactive markets
- Level 3	- The valuation model - Use of non-market observable input - Inactive markets
Investment property	- Determination of the useful life and residual value
Loans	- The valuation model - Parameters such as credit spread, maturity and interest rates
Associates	- Various uncertainties depending on the asset mix, operations and market developments
Goodwill	- The valuation model used - Financial and economic variables - Discount rate - The inherent risk premium of the entity
Other intangible assets	- Determination of the useful life and residual value
Deferred tax assets	- Interpretation of complex tax regulations - Amount and timing of future taxable income
Liabilities	
Liabilities for insurance contracts	
- Life	- Actuarial assumptions - Yield curve used in liability adequacy test - Reinvestment profile of the investment portfolio, credit risk spread and maturity, when determining the shadow LAT adjustment
- Non-life	- Liabilities for incurred but not reported claims - Claim adjustment expenses - Final settlement of outstanding claims
Pension obligations	- Actuarial assumptions - Discount rate - Inflation/salaries
Provisions	- The likelihood of a present obligation due to events in the past - The calculation of the best estimated amount
Deferred tax liabilities	- Interpretation of complex tax regulations
Written put options on NCI	- Estimated future fair value - Discount rate

4 Segment reporting

Operating segments

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

The operating segments are:

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

Activities not related to insurance and Group elimination differences are reported separately from the Insurance activities in the operating segment: General Account. The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the liabilities related to RPN(I) and the written put option on AG Insurance shares.

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

5 Consolidation principles

Subsidiaries

The Ageas Condensed Consolidated Financial Statements include the financial statements of ageas SA/NV (the parent company) and its subsidiaries. Subsidiaries are those companies, over which Ageas, either directly or indirectly, has the power to govern financial and operating policies so as to obtain benefits from the activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Ageas and are no longer consolidated from the date on which control ceases to exist. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale. The result on a sale of a portion of an interest in a subsidiary without a change in control is accounted for in equity.

Intercompany transactions, balances, and gains and losses on transactions between Ageas companies are eliminated.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Ageas controls another entity.

Associates

Investments in associates are accounted for using the equity method. These are investments over which Ageas has significant influence, but does not control. The investment is recorded as Ageas's share of the net assets of the associate. The initial acquisition is valued at cost. In subsequent measurement the share of net income for the year is recognised as share in result of associates and Ageas's share of the investment's post-acquisition direct equity movements is recognised in equity.

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

6 Foreign currency

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 2018	31 December 2017	First half year 2018	First half year 2017
Pound sterling	0.89	0.89	0.88	0.88
US dollar	1.17	1.20	1.21	1.13
Hong Kong dollar	9.15	9.37	9.49	8.80
Turkey lira	5.34	4.55	4.96	4.12
China yuan renminbi	7.72	7.80	7.71	7.63
Malaysia ringgit	4.71	4.85	4.77	4.85
Philippines Peso	62.17	59.79	62.94	56.97
Thailand baht	38.57	39.12	38.42	38.30
Vietnamese Dong	26,316	27,027	27,778	25,641

2 Acquisitions and disposals

The following significant acquisitions and disposals were made in 2018 and 2017. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 24 Events after the date of the statement of financial position.

2.1 Acquisitions in 2018

Ageas Portugal

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

AG Insurance

In April 2018, AG Insurance acquired 65% of Salus, 5 senior home companies located in Germany. The acquisition price amounted to EUR 57 million, followed by a subsequent capital increase of EUR 23 million to reimburse external loans.

2.2 Disposals in 2018

AG Insurance

The sale of the equity associates North Light and Pole Star within AG Real Estate, was closed in January 2018. The Net asset value of these associates of EUR 41.8 million was already reclassified to assets held for sale per year-end 2017. The remaining 40% ownership in these subsidiaries was sold for an amount EUR 82 million, realising a capital gain of EUR 38.4 million.

2.3 Acquisitions in 2017

AG Insurance

AG Insurance and AG Real Estate acquired in 2017 several small subsidiaries for a total amount of around EUR 50 million. Furthermore, AG Insurance made some other acquisitions and capital increases in equity associates for a total amount of around EUR 20 million.

2.4 Disposals in 2017

Cargeas Assicurazioni

Ageas confirmed on 28 December 2017, the completion of the sale of its 50% + 1 share in the share capital of Cargeas Assicurazioni (Cargeas), its Italian Non-life operation, to BNP Paribas Cardif. The total cash consideration of the transaction amounted to EUR 178 million.

The sale of Cargeas generated a net capital gain of EUR 77 million at Insurance level in the segment Continental Europe and an additional EUR 10 million at Group level in the General Account.

Total net result of Cargeas for the period until the disposal amounted to EUR 16.4 million (see note 6 Information on operating segments).

The impact of the sale of Cargeas on Ageas’s Consolidated statement of financial position at the date of the sale was as follows:

Divestment of Cargeas Assicurazioni

Assets		Liabilities	
Cash & cash equivalents	36	Liabilities arising from insurance contracts	551
Financial investments	515	Borrowings	13
Reinsurance and other receivables	132	Current and deferred tax liabilities	13
Current and deferred tax assets	17	Accrued interest and other liabilities	68
Goodwill and other intangibles	96		
Other assets	49	Total liabilities	645
		Shareholders' equity	100
		Non-controlling interests	100
Total Assets	845	Total liabilities and equity	845

Other disposals

In January 2017, AG Real Estate sold 50% of the shares in BG1 (owning the building PWC Lux in Luxembourg) to Sogecap for EUR 71.5 million. Being no longer in control, BG1 has been deconsolidated and a capital gain at 100% of EUR 73 million has been recognised. The remaining participation of 50% is now reported as an associate.

In January 2017, AG Real Estate subsidiary, Immo Nation sold 100% of its shares in Fontenay SAS, a warehouse in France. The total sales price amounted to EUR 38.4 million of which EUR 15.8 million for the shares and EUR 22.6 million refinancing of an intercompany loan (granted by Immo Nation) by the buyer. This transaction resulted in a capital gain of EUR 7.8 million.

3 Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2017	216,570	(11,232)	205,338
Cancelled shares	(7,171)	7,171	
Balance (acquired)/sold		(6,507)	(6,507)
Used for management share plans		175	175
Number of shares as at 31 December 2017	209,400	(10,394)	199,006
Cancelled shares	(6,378)	6,378	
Balance (acquired)/sold		(2,284)	(2,284)
Used for management share plans		144	144
Number of shares as at 30 June 2018	203,022	(6,156)	196,866

3.1 Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company, the Board of Ageas was authorised for a period of three years (2018-2020) by the General Meeting of Shareholders of 16 May 2018 to increase the share capital by a maximum amount of EUR 148,000,000 for general purposes.

Applied to a fraction value of EUR 7.40, this enables the issuance of up to 20,000,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 23 Contingent liabilities).

Ageas has issued options or instruments containing option features that could, upon exercise, lead to an increase in the number of outstanding shares.

The table below gives and overview of the shares issued and the potential number of shares issued as at 30 June 2018, after the General Shareholders' meeting.

in thousands	
Number of shares as at 30 June 2018	203,022
Shares that may be issued per Shareholders' Meeting of 16 May 2018	20,000
In connection with option plans	
Total potential number of shares as at 30 June 2018	223,022

The number of shares issued includes shares that relate to the FRESH convertible instrument (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is part of Ageas Group, the shares related to the FRESH are treated as treasury shares (see below) and eliminated against shareholders' equity (see note 11 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 (6.2 million) consists of shares held for the FRESH (4.0 million) and the remaining shares resulting from the share buy-back programme (2.3 million, see below) of which 0.1 million shares are used for the vesting of the restricted share programme. Details of the FRESH securities are provided in note 11 Subordinated liabilities.

Share buy-back programme 2017

Ageas announced on 9 August 2017 a new share buy-back programme as from 21 August 2017 up to 3 August 2018 for an amount of EUR 200 million.

Between 21 August 2017 and 30 June 2018, Ageas bought back 4,207,870 shares corresponding to 2.07% of the total shares outstanding and totalling EUR 175.3 million.

Share buy-back programme 2016

Ageas announced on 10 August 2016 a share buy-back programme as from 15 August 2016 up to 4 August 2017 for an amount of EUR 250 million.

Ageas completed on 4 August 2017 the share buy-back programme announced on 10 August 2016. Between 15 August 2016 and 4 August 2017, Ageas bought back 7,002,631 shares corresponding to 3.34% of the total shares outstanding and totalling EUR 250 million.

The General Shareholders' Meeting of 17 May 2017 approved the cancellation of 4,751,194 own shares of the share buy-back programme 2015 and the 2,419,328 own shares that had been bought back until 31 December 2016 for the share buy-back programme 2016.

The General Shareholders' Meeting of 16 May 2018 approved the cancellation of 4,583,303 own shares of the share buy-back programme 2016 and the 1,924,024 own shares that had been bought back until 31 December 2017 for the share buy-back programme 2017. A total number of 129.577 bought back own shares are held to cover restricted share plans for its senior management.

3.2 Shares entitled to dividend and voting rights

The table below gives an overview of the shares entitled to dividend and voting rights.

in thousands	
Number of shares issued as at 30 June 2018	203,022
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	2,140
Shares related to the FRESH (see note 11)	3,968
Shares related to CASHES (see note 23)	3,959
Shares entitled to voting rights and dividend	192,955

BNP Paribas Fortis SA/NV (the former Fortis Bank) issued a financial instrument called CASHES in 2007. One of the features of this instrument was that it could only be redeemed through conversion into 12.5 million Ageas shares.

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (these shares are included in the number of Ageas shares outstanding). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 11 Subordinated liabilities and note 23 Contingent liabilities).

In 2012, BNP Paribas made a (partially successful) cash tender for the CASHES and on 6 February 2012, BNP Paribas Fortis SA/NV converted 7,553 of the tendered CASHES securities out of 12,000 CASHES securities outstanding (62.9%) into 7.9 million Ageas shares.

Ageas and BNP Paribas had agreed that BNP Paribas could purchase CASHES under the condition that they are converted into Ageas shares. In 2016, 656 CASHES were purchased and converted. The agreement between Ageas and BNP Paribas expired at year-end 2016. At this moment, 4.0 million Ageas shares related to the CASHES are still held by BNP Paribas Fortis SA/NV.

3.3 Earnings per share

The following table details the calculation of earnings per share.

	First half year 2018	First half year 2017
Net result attributable to shareholders	441.2	283.6
Weighted average number of ordinary shares for basic earnings per share (in thousands)	197,987	203,273
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	83	231
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	198,070	203,504
Basic earnings per share (in euro per share)	2.23	1.40
Diluted earnings per share (in euro per share)	2.23	1.39

In the first six months of 2017, weighted average options on 479,690 shares with a weighted average exercise price of EUR 154.32 per share were excluded from the calculation of diluted EPS because the exercise price of the options was substantially higher than the average market price of the shares. As per 30 June 2018, no options were outstanding anymore.

During 2018 and 2017, 3.97 million Ageas shares arising from the FRESH were excluded from the calculation of diluted earnings per share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 3.96 million (31 December 2017: 3.96 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 23 Contingent liabilities).

4 Regulatory supervision and solvency

The National Bank of Belgium (NBB) had designated ageas SA/NV as an Insurance Holding. The NBB is the group supervisory authority and in that capacity receives specific reports which form the basis of prudential supervision at group level. In its role as group supervisory authority the NBB facilitates group supervision via a college of supervisors. Supervisors in the EEA member countries where Ageas is active are represented in this college. The college, operating on the basis of European regulations, ensures that the collaboration, exchange of information and mutual consultation between the supervisory authorities takes place and furthermore promotes convergence of supervisory activities. In June 2018, the NBB has granted ageas SA/NV a license to underwrite reinsurance activities. No reinsurance activities have been started before 30 June 2018.

4.1 Requirements and available capital under Solvency II - Partial Internal Model (Pillar 1)

Since 1 January 2016, Ageas is supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model (PIM) for pillar 1 reporting, where the main part of the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

For fully consolidated entities, the consolidation scope for Solvency II is comparable to the IFRS consolidation scope. The European equity associates have been included pro rata, without any diversification benefits. All Non-European equity associates (including Turkey) have been excluded from own funds and required solvency, as the applicable solvency regimes are deemed non-equivalent with Solvency II.

In the Partial Internal Model (PIM), Ageas applies transitional measures relating to technical provisions in Portugal and France, the grandfathering of issued hybrid debt and the extension of reporting deadlines at Group level.

The reconciliation of the IFRS Shareholders' Capital to the own funds under Solvency II and the resulting solvency ratio according to the Partial Internal Model approach is as follows.

	30 June 2018	31 December 2017
IFRS Equity	11,527.5	10,162.2
Shareholders' equity	9,309.8	9,610.9
Non-controlling interest	2,217.7	551.3
Qualifying Subordinated Liabilities	2,275.4	2,261.3
Scope changes at IFRS value	(2,804.8)	(2,781.2)
Exclusion of expected dividend	(300.5)	(407.4)
Proportional consolidation	(278.6)	(232.4)
Derecognition of Equity Associates	(2,225.7)	(2,141.4)
Valuation differences	(1,418.7)	(1,239.5)
Revaluation of Property Investments	1,776.5	1,629.0
Derecognition of parking concessions	(438.0)	(429.9)
Derecognition of goodwill	(604.3)	(604.0)
Revaluation of Insurance related balance sheet items (Technical Provisions, Reinsurance Recoverables, VOBA and DAC)	(5,340.3)	(5,048.2)
Revaluation of assets which, under IFRS are not accounted for at fair value (Held to Maturity Bonds, Loans, Mortgages)	2,855.2	2,947.1
Tax impact on valuation differences	310.5	256.7
Other	21.7	9.8
Total Solvency II Own Funds	9,579.4	8,402.8
Non-transferable Own Funds related to diversification benefits		(223.0)
Other non-transferable Own Funds, mainly related to third party interests	(1,336.4)	(435.7)
Total Eligible Solvency II Own Funds	8,243.0	7,744.1
Group Required Capital under Partial Internal Model (SCR) – (not reviewed)	4,010.5	4,062.4
Capital Ratio	205.5%	190.6%

	30 June 2018	31 December 2017
Total Eligible Solvency II Own Funds, of which:	8,243.0	7,744.1
Tier 1	5,789.4	5,315.0
Tier 1 restricted	1,447.4	1,328.8
Tier 2	895.7	999.9
Tier 3	110.5	100.4

At 30 June 2018, the calculation of the Solvency II Own Funds changed:

Non-transferable related to diversification benefits

Up to and including Q1 2018 Ageas reduced its Own Funds with a non-transferable amount equal to the diversification benefit arising from consolidation when calculating the group SCR. It took into account that it would be difficult to upstream the benefits of group diversification from its consolidated subsidiaries to the group if this would cause the local solvency ratios to fall below 100%.

As from Q2 2018, Ageas derecognised this non-transferable as in June 2018, ageas SA/NV has received a reinsurance license from the National Bank of Belgium. This license will allow the Group to enter into internal reinsurance transactions and thereby manage local SCR's. Subsequently, Ageas is able the influence the fungibility of local available Own Funds.

Other non-transferable Own Funds, mainly related to third party interests

The written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV matured at 30 June 2018, without being exercised (see note 15 Liabilities related to written put options NCI). The liability has been released under Solvency II at group level against available Own Funds.

As long as the put-option was recognised, Ageas reported as if it owned 100% of AG Insurance. Now that the liability related to the put option has been released, Ageas started to recognise Non-transferable Own Funds related to the third party interest held by BNP Paribas Fortis. This caused the increase of the Non-transferable amount.

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

	30 June 2018	31 December 2017
Market Risk	4,811.9	4,835.0
Counterparty Default Risk	313.6	333.8
Life Underwriting Risk	630.3	669.7
Health Underwriting Risk	336.7	382.3
Non-Life Underwriting Risk	702.1	697.3
Diversification between above mentioned risks	(1,362.8)	(1,428.1)
Non Diversifiable Risks	662.0	658.8
Loss-Absorption through Technical Provisions	(1,206.6)	(1,188.7)
Loss-Absorption through Deferred Taxes	(876.7)	(897.7)
Group Required Capital under Partial Internal Model (SCR) - (not reviewed)	4,010.5	4,062.4
Impact of Non-Life Internal Model on Non-Life Underwriting Risk	393.9	359.3
Impact of Non-Life Internal Model on Diversification between risks	(217.8)	(209.3)
Impact of Non-Life Internal Model on Loss-Absorption through Deferred Taxes	8.9	8.3
Group Required Capital under the SII Standard Formula	4,195.5	4,220.7

4.2 Ageas capital management under Solvency II – SCR$_{ageas}$ (Pillar 2 – not reviewed)

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk, applying an Internal Model for Real Estate and the removal of transitional measures (with the exception of the grandfathering of issued hybrid debt and the extension of reporting deadlines). In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds.

This introduces an SCR charge for EU government bonds and decreases the spread risk charge for all other bonds. Technical provisions are net present valued using an interest curve as prescribed by EIOPA, but instead of using the standard volatility adjuster the companies apply a company specific volatility adjuster or use an expected loss model, based on the composition of their specific asset portfolio. This SCR is called the SCR$_{ageas}$.

The SCR Partial Internal Model can be reconciled to the SCR$_{ageas}$ as follows:

	30 June 2018	31 December 2017
Group Partial Internal Model SCR	4,010.5	4,062.4
Exclude impact General Account	(77.0)	(74.3)
Insurance Partial Internal Model SCR	3,933.5	3,988.1
Impact of Real Estate Internal Model	(283.9)	(303.4)
Additional Spread Risk	134.6	273.9
Less Diversification	29.0	23.9
Less adjustment Technical Provision	(24.9)	(104.6)
Less Deferred Tax Loss Mitigation	46.2	56.2
SCR $_{ageas}$	3,834.5	3,934.1

	30 June 2018	31 December 2017
Group Eligible Solvency II Own Funds under Partial Internal Model	8,243.0	7,744.1
Exclusion of General Account	(486.1)	(90.6)
Revaluation of Technical Provision	(231.9)	(161.1)
Recognition of Parking Concessions	217.4	212.4
Recalculation of Non Transferable	15.4	8.4
Insurance Eligible Solvency II $_{ageas}$ Own Funds	7,757.8	7,713.2

Capital position Ageas per segment, based on the SCR$_{ageas}$.

			30 June 2018			31 December 2017
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	6,692.7	2,856.7	234.3%	6,858.7	2,890.3	237.3%
UK	768.0	499.2	153.8%	761.7	517.5	147.2%
Continental Europe	1,348.3	626.7	215.2%	1,393.2	673.7	206.8%
Reinsurance	113.1	41.7	271.3%	116.6	48.0	242.9%
Non Transferable Own Funds/Diversification	(1,164.3)	(189.8)		(1,417.0)	(195.4)	
Total Insurance	7,757.8	3,834.5	202.3%	7,713.2	3,934.1	196.1%
Impact of the inclusion of the General Account	487.6	79.3		160.7	76.1	
Total Ageas	8,245.4	3,913.8	210.7%	7,873.9	4,010.2	196.3%

The Target capital ratio based on SCR$_{ageas}$ at total Insurance level is set at 175%.

5 Related parties

As at 30 June 2018, no outstanding loans, credits or bank guarantees have been granted to Board Members and executive managers or to close family members of the Board Members and close family members of executive managers. There were no changes in the related party transactions compared to year-end 2017.

6 Information on operating segments

6.1 General information

Ageas's reportable operating segments are primarily based on geographical regions; the results are based on IFRS. 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.

Operating segments

Ageas is organised in six operating segments:

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

Activities not related to insurance and Group elimination differences are reported separately from the Insurance activities in the sixth operating segment: General Account.

There were no changes applied in the operating segments in the first half year of 2018.

6.2 Income statement by operating segment

First half year 2018	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*2,648.8*	*722.0*	*965.2*		*29.3*	*(29.3)*	*4,336.0*		*(0.6)*	*4,335.4*
- *Change in unearned premiums*	*(92.2)*	*19.1*	*(19.3)*				*(92.4)*			*(92.4)*
- *Ceded earned premiums*	*(32.1)*	*(57.4)*	*(47.8)*		*(14.2)*	*29.3*	*(122.2)*			*(122.2)*
Net earned premiums	2,524.5	683.7	898.1		15.1		4,121.4		(0.6)	4,120.8
Interest, dividend and other investment income	1,226.9	28.3	101.9		0.8		1,357.9	12.1	(15.7)	1,354.3
Unrealised gain (loss) on RPN(I)								*8.6*		8.6
Result on sales and revaluations	131.0	3.8	16.5				151.3	2.7	(0.2)	153.8
Income related to investments for unit-linked contracts	(71.2)		39.3				(31.9)			(31.9)
Share in result of associates	8.9	4.5	10.9	183.0			207.3	(0.2)	0.1	207.2
Fee and commission income	98.0	6.9	57.3		1.0	(1.2)	162.0			162.0
Other income	78.1	26.0	8.9	0.4		(0.2)	113.2	2.7	(7.7)	108.2
Total income	3,996.2	753.2	1,132.9	183.4	16.9	(1.4)	6,081.2	25.9	(24.1)	6,083.0
Expenses										
- *Insurance claims and benefits, gross*	*(2,637.5)*	*(430.3)*	*(793.4)*		*(9.8)*	*8.1*	*(3,862.9)*		*0.6*	*(3,862.3)*
- *Insurance claims and benefits, ceded*	*9.1*	*5.1*	*27.2*		*(0.3)*	*(8.1)*	*33.0*			*33.0*
Insurance claims and benefits, net	(2,628.4)	(425.2)	(766.2)		(10.1)		(3,829.9)		0.6	(3,829.3)
Charges related to unit-linked contracts	55.4		(68.7)				(13.3)			(13.3)
Financing costs	(48.5)	(7.9)	(7.3)				(63.7)	(10.5)	15.5	(58.7)
Change in impairments	(14.6)		(3.7)				(18.3)		0.1	(18.2)
Change in provisions	0.6		(0.5)				0.1	(0.2)		(0.1)
Fee and commission expenses	(317.4)	(130.1)	(86.3)		(3.3)	1.0	(536.1)			(536.1)
Staff expenses	(268.4)	(76.2)	(36.1)	(10.0)			(390.7)	(17.3)		(408.0)
Other expenses	(392.7)	(77.0)	(76.2)	(3.4)	(1.4)	0.4	(550.3)	(23.9)	7.8	(566.4)
Total expenses	(3,614.0)	(716.4)	(1,045.0)	(13.4)	(14.8)	1.4	(5,402.2)	(51.9)	24.0	(5,430.1)
Result before taxation	382.2	36.8	87.9	170.0	2.1		679.0	(26.0)	(0.1)	652.9
Tax income (expenses)	(77.4)	(6.3)	(19.5)				(103.2)	(8.1)		(111.3)
Net result for the period	304.8	30.5	68.4	170.0	2.1		575.8	(34.1)	(0.1)	541.6
Attributable to non-controlling interests	85.0		15.4				100.4			100.4
Net result attributable to shareholders	219.8	30.5	53.0	170.0	2.1		475.4	(34.1)	(0.1)	441.2
Total income from external customers	4,002.4	762.0	1,136.9	183.3			6,084.6	(1.6)		6,083.0
Total income internal	(6.2)	(8.8)	(4.0)	0.1	16.9	(1.4)	(3.4)	27.5	(24.1)	
Total income	3,996.2	753.2	1,132.9	183.4	16.9	(1.4)	6,081.2	25.9	(24.1)	6,083.0
Non-cash expenses (excl. depreciation & amortisation)	(119.2)		(0.8)				(120.0)	(0.2)		(120.2)

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

First half year 2018	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,648.8	722.0	965.2		29.3	(29.3)	4,336.0		(0.6)	4,335.4
Inflow deposit accounting	539.6		195.7				735.3			735.3
Gross inflow	3,188.4	722.0	1,160.9		29.3	(29.3)	5,071.3		(0.6)	5,070.7

First half year 2017	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income										
- *Gross premium income*	*2,508.1*	*830.9*	*932.7*		*24.2*	*(24.2)*	*4,271.7*		*(0.6)*	*4,271.1*
- *Change in unearned premiums*	*(83.7)*	*(16.5)*	*(17.5)*				*(117.7)*			*(117.7)*
- *Ceded earned premiums*	*(31.5)*	*(51.7)*	*(52.9)*		*(13.2)*	*24.2*	*(125.1)*			*(125.1)*
Net earned premiums	2,392.9	762.7	862.3		11.0		4,028.9		(0.6)	4,028.3
Interest, dividend and other investment income	1,254.1	30.8	117.0		0.7		1,402.6	13.6	(15.6)	1,400.6
Unrealised gain (loss) on RPN(I)								(121.9)		(121.9)
Result on sales and revaluations	130.7	21.7	(3.9)				148.5	(0.6)		147.9
Income related to investments for unit-linked contracts	152.5		248.0				400.5			400.5
Share in result of associates	(1.9)	7.8	14.7	127.3			147.9	1.1		149.0
Fee and commission income	70.3	36.8	61.5		1.0	(0.3)	169.3			169.3
Other income	59.7	(4.2)	2.4			(1.3)	56.6	3.0	(6.8)	52.8
Total income	4,058.3	855.6	1,302.0	127.3	12.7	(1.6)	6,354.3	(104.8)	(23.0)	6,226.5
Expenses										
-Insurance claims and benefits, gross	*(2,430.4)*	*(771.5)*	*(722.1)*		*(14.9)*	*(0.6)*	*(3,939.5)*		*0.6*	*(3,938.9)*
-Insurance claims and benefits, ceded	*0.6*	*223.8*	*20.8*		*9.3*	*0.4*	*254.9*			*254.9*
Insurance claims and benefits, net	(2,429.8)	(547.7)	(701.3)		(5.6)	(0.2)	(3,684.6)		0.6	(3,684.0)
Charges related to unit-linked contracts	(166.0)		(261.5)				(427.5)			(427.5)
Financing costs	(53.4)	(5.0)	(5.4)				(63.8)	(11.0)	15.5	(59.3)
Change in impairments	(4.7)		(2.3)				(7.0)			(7.0)
Change in provisions	(0.1)		0.6				0.5	0.1		0.6
Fee and commission expenses	(320.4)	(152.4)	(100.0)		(2.8)	0.4	(575.2)			(575.2)
Staff expenses	(255.3)	(83.9)	(45.3)	(11.9)			(396.4)	(13.6)		(410.0)
Other expenses	(363.7)	(55.1)	(78.5)	(2.3)	(1.2)	1.4	(499.4)	(23.8)	6.8	(516.4)
Total expenses	(3,593.4)	(844.1)	(1,193.7)	(14.2)	(9.6)	1.6	(5,653.4)	(48.3)	22.9	(5,678.8)
Result before taxation	464.9	11.5	108.3	113.1	3.1		700.9	(153.1)	(0.1)	547.7
Tax income (expenses)	(109.2)	(0.3)	(28.4)				(137.9)	(7.9)		(145.8)
Net result for the period	355.7	11.2	79.9	113.1	3.1		563.0	(161.0)	(0.1)	401.9
Attributable to non-controlling interests	96.7		21.6			-	118.3			118.3
Net result attributable to shareholders	259.0	11.2	58.3	113.1	3.1		444.7	(161.0)	(0.1)	283.6
Total income from external customers	4,063.5	862.7	1,304.9	127.3			6,358.4	(143.0)		6,215.4
Total income internal	(5.2)	(7.1)	(2.9)		12.7	(1.6)	(4.1)	38.2	(23.0)	11.1
Total income	4,058.3	855.6	1,302.0	127.3	12.7	(1.6)	6,354.3	(104.8)	(23.0)	6,226.5
Non-cash expenses (excl. depreciation & amortisation)	(50.1)						(50.1)	0.1		(50.0)

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

First half year 2017	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,508.1	830.9	932.7		24.2	(24.2)	4,271.7		(0.6)	4,271.1
Inflow deposit accounting	415.5		501.0				916.5			916.5
Gross inflow	2,923.6	830.9	1,433.7		24.2	(24.2)	5,188.2		(0.6)	5,187.6

6.3 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes net earned premiums, fees and allocated investment income and realised capital gains or losses minus net claims and benefits and all operating expenses, including claim handling expenses, investment expenses, commissions and other expenses, allocated to insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships. The definitions of the alternative performance measures are explained below the tables.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities), and Other.

The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

First half year 2018	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	2,109.7		817.0				2,926.7			2,926.7
Gross inflow Non-life	1,078.7	722.0	343.9		29.3	(29.3)	2,144.6		(0.6)	2,144.0
Operating costs	(285.0)	(120.2)	(84.6)		(1.3)		(491.1)			(491.1)
- *Guaranteed products*	*257.7*		*48.5*				*306.2*			*306.2*
- *Unit linked products*	*17.6*		*4.7*				*22.3*			*22.3*
Life operating result	275.3		53.2				328.5			328.5
- *Accident & Health*	*0.8*	*(1.1)*	*19.3*		*0.3*		*19.3*			*19.3*
- *Motor*	*42.9*	*59.5*	*0.5*				*102.9*			*102.9*
- *Fire and other damage to property*	*(10.4)*	*(22.6)*	*6.8*		*0.3*		*(25.9)*			*(25.9)*
- *Other*	*31.2*	*(2.8)*	*0.5*		*0.7*		*29.6*			*29.6*
Non-life operating result	64.5	33.0	27.1		1.3		125.9			125.9
Operating result	339.8	33.0	80.3		1.3		454.4			454.4
Share in result of associates non allocated		4.5	10.9	183.0			198.4	(0.2)		198.2
Other result, including brokerage	42.4	(0.7)	(3.3)	(13.0)	0.8		26.2	(25.8)	(0.1)	0.3
Result before taxation	382.2	36.8	87.9	170.0	2.1		679.0	(26.0)	(0.1)	652.9
Key performance indicators Life										
Net underwriting margin	0.01%		0.18%				0.04%			0.04%
Investment margin	0.97%		0.50%				0.88%			0.88%
Operating margin	0.98%		0.68%				0.92%			0.92%
- *Operating margin Guaranteed products*	*1.08%*		*1.21%*				*1.10%*			*1.10%*
- *Operating margin Unit linked products*	*0.43%*		*0.12%*				*0.28%*			*0.28%*
Life cost ratio in % of Life technical liabilities (annualised)	0.40%		0.37%				0.40%			0.40%
Key performance indicators Non-life										
Expense ratio	37.6%	36.8%	29.5%		23.9%		36.1%			36.1%
Claims ratio	61.2%	62.2%	62.1%		67.4%		61.7%			61.7%
Combined ratio	98.8%	99.0%	91.6%		91.3%		97.8%			97.8%
Operating margin	6.7%	4.8%	9.3%		8.7%		6.5%			6.5%
Technical Insurance liabilities	62,041.3	2,732.4	17,073.5		27.6	(18.3)	81,856.5		(8.1)	81,848.4

First half year 2017	Belgium	UK	Continental Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	1,891.1		1,002.9				2,894.0			2,894.0
Gross inflow Non-life	1,032.5	830.9	430.8		24.2	(24.2)	2,294.2		(0.6)	2,293.6
Operating costs	(274.9)	(119.9)	(105.3)		(1.1)		(501.2)			(501.2)
- *Guaranteed products*	*265.5*		*52.6*				*318.1*			*318.1*
- *Unit linked products*	*11.2*		*7.5*				*18.7*			*18.7*
Life operating result	276.7		60.1				336.8			336.8
- *Accident & Health*	*17.0*	*(0.3)*	*23.7*				*40.4*			*40.4*
- *Motor*	*66.3*	*4.0*	*(2.8)*		*1.4*		*68.9*			*68.9*
- *Fire and other damage to property*	*49.1*	*6.3*	*12.3*		*0.7*		*68.4*			*68.4*
- *Other*	*13.7*	*(6.3)*	*9.1*		*0.3*		*16.8*			*16.8*
Non-life operating result	146.1	3.7	42.3		2.4		194.5			194.5
Operating result	422.8	3.7	102.4		2.4		531.3			531.3
Share in result of associates non allocated		7.8	14.7	127.3			149.8	1.1		150.9
Other result, including brokerage	42.1		(8.8)	(14.2)	0.7		19.8	(154.2)	(0.1)	(134.5)
Result before taxation	464.9	11.5	108.3	113.1	3.1		700.9	(153.1)	(0.1)	547.7
Key performance indicators Life										
Net underwriting margin	(0.04%)		0.28%				0.03%			0.03%
Investment margin	1.04%		0.51%				0.92%			0.92%
Operating margin	1.00%		0.79%				0.95%			0.95%
- *Operating margin Guaranteed products*	*1.10%*		*1.33%*				*1.14%*			*1.14%*
- *Operating margin Unit linked products*	*0.30%*		*0.20%*				*0.25%*			*0.25%*
Life cost ratio in % of Life technical liabilities (annualised)	0.38%		0.40%				0.39%			0.39%
Key performance indicators Non-life										
Expense ratio	38.3%	33.9%	28.8%		26.4%		34.9%			34.9%
Claims ratio	52.0%	71.8%	61.7%		51.3%		61.0%			61.0%
Combined ratio	90.3%	105.7%	90.5%		77.7%		95.9%			95.9%
Operating margin	15.9%	0.5%	11.3%		22.3%		9.4%			9.4%
Technical Insurance liabilities	62,322.8	2,883.1	17,271.9		24.9	(14.0)	82,488.7		(8.7)	82,480.0

Definitions of alternative performance measures in the tables:

Net underwriting result	:	The difference between the net earned premiums and the sum of the actual claim payments and the change in insurance liabilities, both net of reinsurance. The result is presented net of allocated claim handling expenses, general expenses, commissions and reinsurance.
Net underwriting margin	:	For Life the net annualised underwriting result divided by the average net Life insurance liabilities during the reporting period. For Non-life the net underwriting result divided by the net earned premium.
Net investment result	:	The sum of investment income and realised capital gains or losses on assets covering insurance liabilities, after deduction of related investment expenses. The investment results in Life is also adjusted for the amount that is allocated to the policyholders as technical interest and profit sharing. The investment results in Accident & Life (part of Non-life) is also corrected for the technical interest that has been accrued to the insurance liabilities.
Net investment margin	:	For Life the annualised investment result divided by the average net Life insurance liabilities during the reporting period. For Non-life the investment result divided by the net earned premium.
Net operating result	:	The sum of net underwriting result, investment result and other result allocated to the insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to the insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships.
Net operating margin	:	For Life the annualised operating result of the period divided by the average net Life insurance liabilities. For Non-life the operating result divided by the net earned premium.
Net earned premium	:	The written premiums of Non-life covering the risks for the current period netted for the premiums paid to reinsurers and the change in unearned premiums reserves.
Expense ratio	:	The expenses as a percentage of net earned premiums. Included in expenses are internal costs of claims handling commissions, net of reinsurance.
Claims ratio	:	The cost of claims, net of reinsurance, as a percentage of net earned premiums.
Combined ratio	:	A measure of profitability in Non-life which is the ratio between the insurer's total expenses and net earned premiums. This is insurer's total expenses as a percentage of net earned premiums. This is the sum of the claims ratio and the expense ratio.

Notes to the Consolidated statement of financial position

7 Financial investments

The composition of financial investments is as follows.

	30 June 2018	31 December 2017
Financial investments		
- Held to maturity	4,505.5	4,559.5
- Available for sale	58,369.5	58,761.6
- Held at fair value through profit or loss	267.4	220.2
- Derivatives held for trading	7.3	35.8
Total, gross	63,149.7	63,577.1
Impairments:		
- of investments available for sale	(205.1)	(204.3)
Total impairments	(205.1)	(204.3)
Total	62,944.6	63,372.8

For more information on Derivatives held for trading, please refer to note 16 Derivatives for further details.

7.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Investments held to maturity at 1 January 2017	4,641.4	73.9	4,715.3
Maturities	(88.4)	(75.0)	(163.4)
Amortisation	6.5	1.1	7.6
Investments held to maturity at 31 December 2017	4,559.5		4,559.5
Maturities	(49.7)		(49.7)
Sales	(5.9)		(5.9)
Amortisation	1.6		1.6
Investments held to maturity at 30 June 2018	4,505.5		4,505.5
Fair value at 31 December 2017	6,780.0		6,780.0
Fair value at 30 June 2018	6,649.8		6,649.8

The fair value of government bonds classified as investments held to maturity is based on quoted prices in active markets (level 1) and the fair value of corporate debt securities classified as investments held to maturity with unobservable prices is based on counterparty quotes or models (level 3).

In the following table the government bonds classified as held to maturity are detailed by country of origin.

30 June 2018	Historical/ amortised cost	Fair value
Belgian national government	4,331.9	6,414.0
Portuguese national government	173.6	235.8
Total	4,505.5	6,649.8

31 December 2017		
Belgian national government	4,335.5	6,486.9
Portuguese national government	224.0	293.1
Total	4,559.5	6,780.0

7.2 Investments available for sale

The fair value and amortised cost of investments available for sale including gross unrealised gains, gross unrealised losses, and impairments are as follows.

30 June 2018	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,770.6	5,218.8	(50.8)	32,938.6		32,938.6
Corporate debt securities	19,277.3	1,287.5	(53.4)	20,511.4	(20.3)	20,491.1
Structured credit instruments	49.0	4.5		53.5	(0.1)	53.4
Available for sale investments in debt securities	47,096.9	6,510.8	(104.2)	53,503.5	(20.4)	53,483.1
Private equities and venture capital	66.9	16.2		83.1		83.1
Equity securities	4,173.8	662.5	(60.4)	4,775.9	(184.7)	4,591.2
Other investments	7.0			7.0		7.0
Available for sale investments in equity securities and other investments	4,247.7	678.7	(60.4)	4,866.0	(184.7)	4,681.3
Total investments available for sale	51,344.6	7,189.5	(164.6)	58,369.5	(205.1)	58,164.4

31 December 2017	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,647.1	5,355.2	(60.6)	32,941.7		32,941.7
Corporate debt securities	19,177.9	1,547.0	(18.7)	20,706.2	(20.3)	20,685.9
Structured credit instruments	58.5	13.9	(0.1)	72.3	(0.1)	72.2
Available for sale investments in debt securities	46,883.5	6,916.1	(79.4)	53,720.2	(20.4)	53,699.8
Private equities and venture capital	67.7	5.7		73.4		73.4
Equity securities	4,168.1	814.0	(21.0)	4,961.1	(183.9)	4,777.2
Other investments	6.9			6.9		6.9
Available for sale investments in equity securities and other investments	4,242.7	819.7	(21.0)	5,041.4	(183.9)	4,857.5
Total investments available for sale	51,126.2	7,735.8	(100.4)	58,761.6	(204.3)	58,557.3

An amount of EUR 1,282.2 million of the investments available for sale has been pledged as collateral (31 December 2017: EUR 1,044.8 million) (see also note 12 Borrowings).

The valuation of investments available for sale is based on:
- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation is as follows.

30 June 2018	Level 1	Level 2	Level 3	Total
Government bonds	32,906.6	32.0		32,938.6
Corporate debt securities	19,221.8	792.3	477.0	20,491.1
Structured credit instruments	40.9	1.4	11.1	53.4
Equity securities, private equities and other investments	2,788.9	1,221.7	670.7	4,681.3
Total Investments available for sale	54,958.2	2,047.4	1,158.8	58,164.4

31 December 2017	Level 1	Level 2	Level 3	Total
Government bonds	32,893.7	48.0		32,941.7
Corporate debt securities	19,784.1	826.4	75.4	20,685.9
Structured credit instruments	57.7	1.4	13.1	72.2
Equity securities, private equities and other investments	2,977.6	1,233.6	646.3	4,857.5
Total Investments available for sale	55,713.1	2,109.4	734.8	58,557.3

The changes in level 3 valuation are as follows.

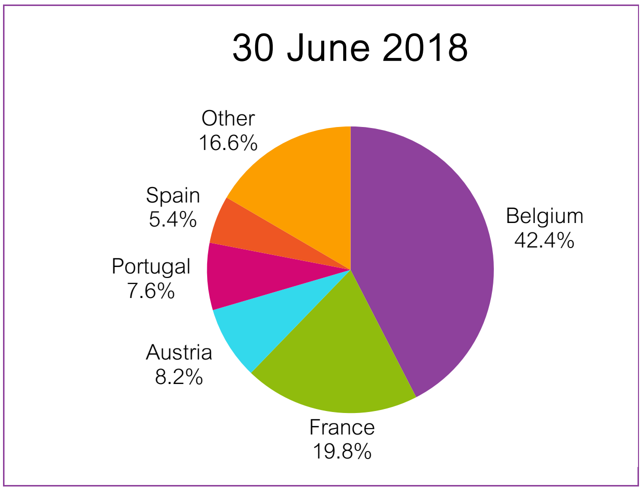
	30 June 2018	31 December 2017
Balance as at 1 January	734.8	178.2
Maturity/redemption or repayment	(3.0)	(14.0)
Acquired	415.9	136.0
Proceeds from sales	(16.1)	(6.3)
Realised gains (losses)	0.1	0.4
Impairments		(1.2)
Unrealised gains (losses)	18.9	3.3
Transfers between valuation categories	8.2	438.4
Closing balance	1,158.8	734.8

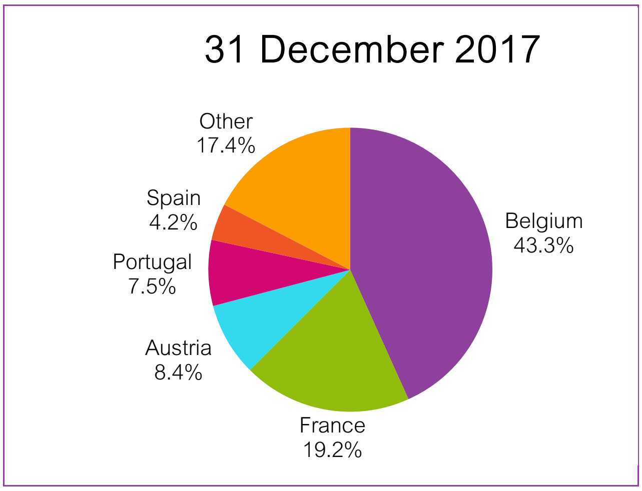
Level 3 valuations for private equities and venture capital use fair values disclosed in the audited financial statements of the relevant participations. Level 3 valuations for equities and asset-backed securities use a discounted cash flow methodology. Expected cash flows take into account original 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. To value these instruments we also take into account quotes when they exist. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

The level 3 positions are mainly sensitive to a change in the level of expected future cash flows and, accordingly, their fair values vary in proportion to changes of these cash flows. The changes in value of the level 3 instruments are accounted for in other comprehensive income.

Government bonds by country of origin

The share per country in the investment portfolio of government bonds, based on fair value can be shown graphically as follows.





The table below shows net unrealised gains and losses on investments available for sale included in equity (which includes debt securities, equity securities and other investments). Equity securities and other investments also include private equities and venture capital.

	30 June 2018	31 December 2017
Available for sale investments in debt securities:		
Carrying amount	53,483.1	53,699.8
Gross unrealised gains and losses	6,406.6	6,836.7
- Related tax	(1,653.1)	(1,760.9)
Shadow accounting	(2,217.3)	(2,797.4)
- Related tax	584.4	730.8
Net unrealised gains and losses	3,120.6	3,009.2

	30 June 2018	31 December 2017
Available for sale investments in equity securities and other investments:		
Carrying amount	4,681.3	4,857.5
Gross unrealised gains and losses	618.3	798.7
- Related tax	(54.6)	(63.7)
Shadow accounting	(212.5)	(304.8)
- Related tax	56.6	78.1
Net unrealised gains and losses	407.8	508.3

Impairments of investments available for sale

The following table shows the breakdown of impairments of investments available for sale.

	30 June 2018	31 December 2017
Impairments of investments available for sale:		
- debt securities	(20.4)	(20.4)
- equity securities and other investments	(184.7)	(183.9)
Total impairments of investments available for sale	(205.1)	(204.3)

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

	30 June 2018	31 December 2017
Balance as at 1 January	(204.3)	(219.9)
Acquisitions/divestments of subsidiaries		0.1
Increase in impairments	(15.3)	(14.3)
Reversal on sale/disposal	14.5	27.5
Foreign exchange differences and other adjustments		2.3
Closing balance	(205.1)	(204.3)

7.3 Investments held at fair value through profit or loss

The following table provides information about investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	30 June 2018	31 December 2017
Government bonds		1.1
Corporate debt securities	146.2	107.8
Structured credit instruments	6.4	6.2
Debt securities	152.6	115.1
Other investments	114.8	105.1
Equity securities and other investments	114.8	105.1
Total investments held at fair value through profit or loss	267.4	220.2

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are linked to the performance of these assets, either contractually or on the basis of discretionary participation and whose measurement incorporates current information. This measurement significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The nominal value of the debt securities held at fair value through profit or loss as at 30 June 2018 is EUR 146.4 million (31 December 2017: EUR 115.1 million).

The valuation of investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation is as follows.

30 June 2018	Level 1	Level 2	Level 3	Total
Government Bonds				
Corporate debt securities	117.5	28.7		146.2
Structured credit instruments		6.4		6.4
Other investments		114.8		114.8
Total Investments held at fair value through profit or loss	117.5	149.9		267.4

31 December 2017	Level 1	Level 2	Level 3	Total
Government Bonds	1.1			1.1
Corporate debt securities	107.5	0.3		107.8
Structured credit instruments		6.2		6.2
Other investments		105.1		105.1
Total Investments held at fair value through profit or loss	108.6	111.6		220.2

7.4 Real estate

The fair value of real estate, held as investment as well as for own use, is set out below.

Fair value:	30 June 2018	31 December 2017
Investment property	4,192.2	3,798.6
Land and buildings held for own use	1,575.1	1,505.7
Total fair value	5,767.3	5,304.3
Carrying amount:		
Investment property	2,882.8	2,649.1
Land and buildings held for own use	1,108.0	1,055.7
Total carrying amount	3,990.8	3,704.8
Gross unrealised gain / loss	1,776.5	1,599.5
Taxation	(453.7)	(409.4)
Net unrealised gain / loss (not recognised in equity)	1,322.8	1,190.1

8 Loans

The composition of loans is as follows.

	30 June 2018	31 December 2017
Government and official institutions	4,528.7	4,417.1
Commercial loans	2,356.3	2,172.8
Residential mortgages	1,193.9	1,221.7
Policyholder loans	321.8	303.9
Interest bearing deposits	666.2	735.7
Loans to banks	515.2	575.6
Total	9,582.1	9,426.8
Less impairments	(10.0)	(10.8)
Total Loans	9,572.1	9,416.0

9 Investments in associates

The following table provides information on investments in associates.

First half year 2018	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates	545.7	91.7	224.0	2,136.8	8.0	3.8	3,010.0
Share in result of associates	8.9	4.5	10.9	183.0	(0.2)	0.1	207.2
Gross Inflow of associates		198.7	1,524.5	13,334.2			15,057.4
Gross Inflow of associates @ Ageas Share		99.6	517.1	3,432.0			4,048.7

Prior Year	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Investments in associates (31 Dec 2017)	526.7	102.8	249.5	2,037.7	21.4	3.5	2,941.6
Share in result of associates (6M 2017)	(1.9)	7.8	14.7	127.3	1.1		149.0
Gross Inflow of associates (6M 2017)		237.0	1,582.7	13,457.7			15,277.4
Gross Inflow of associates @ Ageas Share (6M 2017)		118.7	535.1	3,467.2			4,121.0

Equity associates are subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries where those equity associates operate. Dividend payments of associates are sometimes subject to shareholder agreements with the partners in the company. In certain situations, consensus is required before dividend is declared.

In addition, shareholder agreements (related to parties having an interest in a company in which Ageas has a non-controlling interest) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without prior approval of the other parties involved;
- options to sell or resell shares to the other party/parties involved in the shareholder agreement, including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares to obtain additional revenues when certain objectives are realised;
- exclusivity clauses or non-compete clauses related to the sales of insurance products.

Royal Park Investments

After the disposal of the assets and settlement of the liabilities, the remaining activity of RPI is essentially limited to the management of litigation initiated against a number of US financial institutions.

10 Insurance liabilities

10.1 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts.

	30 June 2018	31 December 2017
Liability for future policyholder benefits	25,668.7	25,602.5
Reserve for policyholder profit sharing	163.7	162.3
Shadow accounting	1,376.1	1,723.6
Before eliminations	27,208.5	27,488.4
Eliminations	(8.1)	(7.6)
Gross	27,200.4	27,480.8
Reinsurance	(18.6)	(10.1)
Net	27,181.8	27,470.7

10.2 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts.

	30 June 2018	31 December 2017
Liability for future policyholder benefits	29,735.0	29,801.5
Reserve for policyholder profit sharing	129.5	170.4
Shadow accounting	1,053.8	1,378.7
Gross	30,918.3	31,350.6
Reinsurance		
Net	30,918.3	31,350.6

10.3 Liabilities related to unit-linked contracts

Liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows.

	30 June 2018	31 December 2017
Insurance contracts	2,530.1	2,538.0
Investment contracts	13,486.5	13,278.2
Total	16,016.6	15,816.2

10.4 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts.

	30 June 2018	31 December 2017
Claims reserves	6,345.3	6,293.0
Unearned premiums	1,373.6	1,280.0
Reserve for policyholder profit sharing	12.5	22.9
Before eliminations	7,731.4	7,595.9
Eliminations	(18.3)	(20.9)
Gross	7,713.1	7,575.0
Reinsurance	(693.3)	(703.8)
Net	7,019.8	6,871.2

11 Subordinated liabilities

The following table provides a specification of subordinated liabilities.

	30 June 2018	31 December 2017
FRESH	1,250.0	1,250.0
Fixed Rate Reset Perpetual Subordinated Notes	470.8	456.8
Fixed to Floating Rate Callable Subordinated Notes	99.7	99.7
Fixed to Floating Rate Callable Subordinated Loan BCP Investments	58.8	58.8
Dated Fixed Rate Subordinated Notes	396.2	396.0
Total subordinated liabilities	2,275.5	2,261.3

The following table shows the changes in subordinated liabilities.

	30 June 2018	31 December 2017
Balance as at 1 January	2,261.3	2,322.7
Foreign exchange differences	13.2	(63.2)
Amortisation premiums and discounts	1.0	1.8
Closing balance	2,275.5	2,261.3

12 Borrowings

The table below shows the components of borrowings.

	30 June 2018	31 December 2017
Repurchase agreements	1,291.5	1,028.6
Loans	838.7	794.1
Due to banks	2,130.2	1,822.7
Funds held under reinsurance agreements	86.7	99.3
Finance lease agreements	17.7	18.0
Other borrowings	34.5	29.3
Total borrowings	2,269.1	1,969.3

Repurchase agreements are essentially secured short-term loans that are used to hedge specific investments with resettable interest rates and for cash management purposes.

Ageas has pledged debt securities with a carrying amount of EUR 1,282.2 million (31 December 2017: EUR 1,044.8 million) as collateral for repurchase agreements.

In addition, property has been pledged as collateral for loans and other with a carrying amount of EUR 183.5 million (31 December 2017: EUR 190.5 million).

The carrying value of the borrowings is a reasonable approximation of their fair value as contract maturities are less than one year (repurchase agreements) and/or contracts carry a floating rate (loans from banks). Accordingly, the fair value is based upon observable market data (level 2).

The following table shows the changes in borrowings.

	30 June 2018	31 December 2017
Balance as at 1 January	1,969.3	2,495.8
Acquisition of subsidiaries	91.0	105.5
Divestment of subsidiaries		(162.6)
Proceeds from issuance	215.6	22.1
Payments	(2.7)	(495.1)
Foreign exchange differences		(2.4)
Realised Gains & Losses	(0.3)	(3.4)
Other changes	(3.8)	9.4
Closing balance	2,269.1	1,969.3

13
RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with ageas SA/NV as co-obligor. CASHES are convertible securities that convert into Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and ageas SA/NV, at that point in time both parts of the Fortis Group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. Upon the break-up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest on a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding (3,791 at 30 June 2018) divided by the number of CASHES securities originally issued (12,000).

Ageas pays interest to BNP Paribas Fortis SA/NV on the average reference amount in the quarter (if the above outcome becomes negative BNP Paribas Fortis SA/NV will pay Ageas); the interest amounts to 3 month Euribor plus 90 basispoints. Ageas pledged 6.3% of the total AG Insurance shares outstanding in favour of BNP Paribas Fortis SA/NV.

Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is based on the CASHES price and Ageas share price. The reference amount decreased from EUR 448.0 million at year-end 2017 to EUR 439.4 million at 30 June 2018, predominantly due to the small increase in the CASHES price from 85.94% to 86.08% over the first six months of 2018, compensated by an increase of the Ageas share price from EUR 40.72 to EUR 43.21 over the same period.

Sensitivity of RPN(I) Value

At 30 June 2018 each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 9.5 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 4.0 million.

14 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 23 Contingent liabilities, which describes the various ongoing litigation proceedings.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimants organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF) and VEB announced a settlement proposal (the "Settlement") with respect to all civil proceedings related to the former Fortis group for events in 2007 and 2008 for an amount of EUR 1.2 billion.

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers (the "Insurers"), the D&O's involved in litigation and BNP Paribas Fortis to settle for an amount of EUR 290 million.

On 24 March 2017, the Amsterdam Appeal Court held a public hearing during which it heard the request to declare the Settlement binding as well as the arguments that were submitted against it. On 16 June 2017, the Court took the interim decision not to declare the Settlement binding in its initial format. On 12 December 2017, the petitioners filed an amended and restated settlement with the Amsterdam Appeal Court. This amended settlement took into consideration the main concerns of the Court and the overall budget was raised by EUR 100 million to EUR 1.3 billion.

On 13 July 2018 the Amsterdam Appeal Court declared the Settlement binding on Eligible Shareholders (i.e. persons who held Fortis shares at any time between close of business on 28 February 2007 and close of business on 14 October 2008) in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM"). In declaring the Settlement binding, the Court believed the compensation offered under the Settlement is reasonable and that the claimant organisations Deminor, SICAF and FortisEffect are sufficiently representative of the interests of the beneficiaries of the Settlement.

The Settlement will only be final if at the end of the opt-out period, the agreed opt-out ratio has not been exceeded or Ageas has waived its termination right.

The financial impact of the settlements was recognised in the Consolidated IFRS financial statements of the financial years 2014-2017. The total impact can be summarised as follows:

The total impact of the proposed settlements on the Group net IFRS result amounts to EUR 1,126.4 million, of which EUR 1,026.4 million was taken into account during the period 2014-2016 and another EUR 100 million in 2017.

The main components of the EUR 1,109.5 million provision as at 30 June 2018 are:

- EUR 1,308.5 million related to the WCAM settlement agreement;
- EUR 58.6 million related to costs and expenses for organisations' representation of investors' interests and/or their future role in the settlement administration process minus EUR 21.3 million already paid;
- EUR 53.7 million related to the tail risk, estimated at 4% of the total settlement amount;
- minus the settlement amount of EUR 290 million to be contributed by Stichting FORclaims that temporarily manages this amount settled between Ageas and the Insurers.

Related to the WCAM settlement agreement, an amount of EUR 241 million was paid to Stichting FORsettlement ('Stichting') as an advance payment to settle the claims. However, since no claims have been paid yet, this payment is not deducted from the provision but accounted for as a receivable from the Stichting.

The amounts are presented under the line item ´Provisions´ in the statement of financial position and the line item ´Change in provisions´ in the income statement.

Changes in provisions during the year are as follows.

	30 June 2018	31 December 2017
Balance as at 1 January	1,178.1	1,067.2
Acquisition and divestment of subsidiaries		(0.5)
Increase (Decrease) in provisions	(0.4)	106.3
Utilised during the year	(2.7)	5.5
Foreign exchange differences		(0.4)
Closing balance	1,175.0	1,178.1

15 Liabilities related to written put options NCI

15.1 Liability related to written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV

Ageas concluded on 12 March 2009 an agreement on the sale of 25% + 1 share of AG Insurance to Fortis Bank (now named BNP Paribas Fortis SA/NV) for an amount of EUR 1,375 million. This agreement was approved by the Shareholder's Meetings of Ageas in April 2009. As part of this transaction, Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance to Ageas in the six-month period starting 1 January 2018.

BNP Paribas Fortis did not exercise the put option before June 30, 2018, the end of the exercise period the BNP Paribas Fortis therefore remains shareholder for 25% + 1 share in AG Insurance and hence there is no impact on Ageas's net result. Also, the existing distribution agreement will continue without explicit end date but subject to a 3-year termination notice period.

Treatment of the option

Ageas concluded that the exercise of the put option was unconditional. In accordance with IAS 32, Ageas was therefore obliged to recognise a financial liability amounting to the present value of the estimated exercise price of the put option in 2018. This financial liability was shown as a separate line item (Liability related to written put option) in the statement of financial position. In addition, the liability was allocated to the General Account, as the liability relates to Ageas Insurance International N.V. (the parent company of AG Insurance). Ageas valued the liability at the amount expected to be paid on settlement, discounted back to the reporting date.

The counterpart of this liability is a write down of the value of the non-controlling interest underlying the option. The difference between the value of the non-controlling interest and the fair value of the liability is added to the other reserves which are included in shareholders' equity. Subsequent changes in the fair value of the liability related to the put option are recorded in other reserves.

Calculation of the liability

As from year-end 2017, Ageas used the price earnings ratio of a relevant peer group as the key metric for the valuation of the Life business and a discounted cash flow model for the Non-life business of AG Insurance as a basis for the calculation of the liability. Until 2016, the valuation method for the Life business was based on embedded value multiples of Life insurance companies.

For determining the expected settlement amount, the applied valuation method is based on:

- weighted average price earnings ratios for life insurance companies. The peer group consists of only pure Life companies operating in continental Europe;
- a growth rate for Non-life of 1.2% (2016: 1.2%) and a pay-out ratio of 100% for 2017, 2018 and 2019;
- a discount rate for Non-life of 7.0% (2016: 7.0%).

Based on these assumptions, the net present value of the liability as at 31 December 2017 amounted to EUR 1,449 million.

Impact of the expiration of the option

The option matured at 30 June 2018 without being exercised and the liability of EUR 1,449 million has been released directly to Shareholders' Equity. At the same time Non-Controlling Interests was reinstated for an amount of EUR 1,699 million, thereby reducing Shareholders' Equity by the same amount. The net negative impact of the expiration on Shareholders' Equity amounted to EUR 250 million.

15.2 Put option AG Insurance granted to Parkimo

AG Insurance granted an unconditional put option on its 10.05% ownership to Parkimo, a minority shareholder of Interparking. The put option has been measured at the fair value of the expected settlement amounting to EUR 107.3 million (31 December 2017: 102.7 million). AG Insurance has granted other put options for an amount of EUR 7.9 million (31 December 2017: EUR 7.9 million)

16 Derivatives

Ageas is mainly using derivatives to manage its overall interest, equity and currency risks. Derivatives are in principle recorded as trading derivatives unless a hedge relation with an open position is properly documented, in which case the derivatives are recorded as hedging derivatives.

Fair value movements of trading derivatives are recorded in the income statement. Fair value movements of hedging derivatives are recorded in Other comprehensive income together with the fair value movement of the hedged position.

Due to the fact that in certain situations the fair value movements of the derivative and the hedged position both flow through the income statement, no hedge documentation is drawn up and the derivatives are recorded as trading.

Trading derivatives

	30 June 2018			31 December 2017		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	0.9	0.9	591.1	27.6	0.5	1,286.2
Swaps		0.5	9.7	0.2		18.4
Total	**0.9**	**1.4**	**600.8**	**27.8**	**0.5**	**1,304.6**
Interest rate contracts						
Swaps	4.7	5.5	306.2	5.9	8.1	353.2
Options				0.1		59.0
Total	**4.7**	**5.5**	**306.2**	**6.0**	**8.1**	**412.2**
Equity/Index contracts						
Options and warrants		0.2			0.5	
Total		**0.2**			**0.5**	
Other	**1.7**			**2.0**		
Total	7.3	7.1	907.0	35.8	9.1	1,716.8
Fair values supported by observable market data				9.7	0.5	
Fair values obtained using a valuation model	7.3	7.1		26.1	8.6	
Total	7.3	7.1		35.8	9.1	
Over the counter (OTC)	7.3	7.1	907.0	35.8	9.1	1,716.8
Total	7.3	7.1	907.0	35.8	9.1	1,716.8

Hedging derivatives

	30 June 2018			31 December 2017		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Interest rate contracts						
Swaps	3.6	23.2	1,390.4	2.8	21.2	1,527.8
Options						
Total	3.6	23.2	1,390.4	2.8	21.2	1,527.8
Equity/Index contracts						
Forwards and futures	8.8	13.3	64.9	7.7	25.1	170.6
Total	8.8	13.3	64.9	7.7	25.1	170.6
Total	12.4	36.5	1,455.3	10.5	46.3	1,698.4
Fair values supported by observable market data		13.6		7.7	39.8	
Fair values obtained using a valuation model	12.4	22.9		2.8	6.5	
Total	12.4	36.5		10.5	46.3	
Over the counter (OTC)	12.4	36.5	1,455.3	10.5	46.3	1,698.4
Total	12.4	36.5	1,455.3	10.5	46.3	1,698.4

Derivatives are valued based on level 2 (observable market data in active markets).

17 Commitments

Commitments received and given are as follows.

Commitments	30 June 2018	31 December 2017
Commitment Received		
Credit lines	671.3	646.7
Collateral and guarantees received	4,970.0	4,864.0
Total received	5,641.3	5,510.7
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	130.8	126.9
Credit lines	*1,634.0*	*1,610.0*
Used	*(1,225.7)*	*(686.5)*
Available	408.3	923.5
Collateral and guarantees given	1,371.1	1,059.6
Entrusted assets and receivables	917.7	726.3
Capital rights & commitments	134.6	125.9
Other off balance-sheet commitments	768.1	792.4
Total given	3,730.6	3,754.6

The major part of commitments received consists of collateral and guarantees received, and relates mainly to collateral received from customers on residential mortgages and to a lesser extent to policyholder loans and commercial loans.

Commitments given largely comprise collateral and guarantees given (EUR 1,371 million) in connection with repurchase agreements, entrusted assets and receivables (EUR 918 million), and extended credit lines.

Other off balance sheet commitments as at 30 June 2018 include EUR 211 million in outstanding credit bids (31 December 2017: EUR 99 million) and EUR 384 million in real estate commitments (31 December 2017: EUR 535 million).

18

Fair value of financial assets and financial liabilities

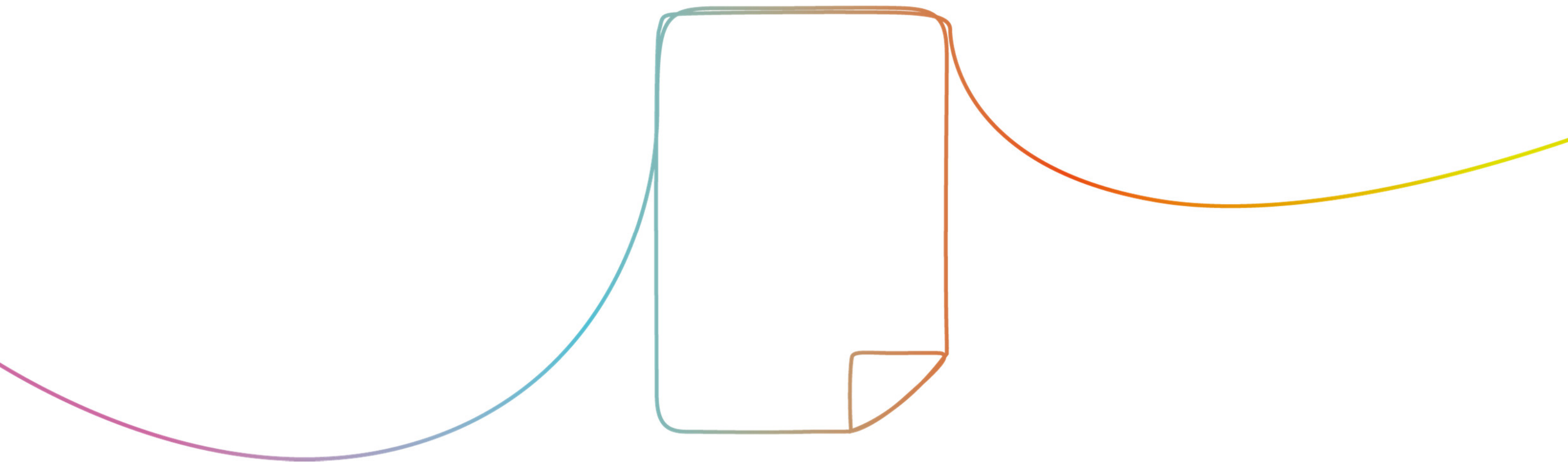
The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value on the Ageas consolidated statement of financial position. Liabilities are held at amortised cost.

		30 June 2018		31 December 2017	
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,315.6	2,315.6	2,552.3	2,552.3
Financial Investments held to maturity	1 / 3	4,505.5	6,649.8	4,559.5	6,780.0
Loans	2	9,572.1	10,298.1	9,416.0	10,223.7
Reinsurance and other receivables	2	2,138.0	2,138.0	2,185.9	2,185.9
Total financial assets		18,531.2	21,401.5	18,713.7	21,741.9
Liabilities					
Subordinated liabilities	2	2,275.5	2,291.4	2,261.3	2,364.3
Borrowings	2	2,269.1	2,268.4	1,969.3	1,968.9
Total financial liabilities		4,544.6	4,559.8	4,230.6	4,333.2

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction. A detailed description of the methods used to determine the fair value of financial instruments is disclosed in our Annual Report of 2017. There were no material changes in the valuation methods used to determine the fair value in the first six months of 2018 compared to the Annual Report of 2017.

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 etc.	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.



Notes to the Consolidated Income Statement

19 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums.

	First half year 2018	First half year 2017
Gross inflow Life	2,926.7	2,894.0
Gross inflow Non-life	2,144.6	2,294.2
General and eliminations	(0.6)	(0.6)
Total gross inflow	5,070.7	5,187.6

	First half year 2018	First half year 2017
Net earned premiums Life	2,172.8	1,959.5
Net earned premiums Non-life	1,948.6	2,069.4
General and eliminations	(0.6)	(0.6)
Total net earned premiums	4,120.8	4,028.3

Gross inflow Life consists of premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	First half year 2018	First half year 2017
Gross premium Life	2,191.4	1,977.5
Ceded reinsurance premiums	(18.6)	(18.0)
Net premiums Life	2,172.8	1,959.5

Non-life

The table below shows the details of net earned premiums Non-life. Premiums for motor, fire and other damage to property, and other are grouped in Property & Casualty.

First half year 2018	Accident & Health	Property & Casualty	Total
Gross written premiums	491.3	1,653.3	2,144.6
Change in unearned premiums, gross	(52.8)	(39.6)	(92.4)
Gross earned premiums	438.5	1,613.7	2,052.2
Ceded reinsurance premiums	(14.2)	(90.2)	(104.4)
Reinsurers' share of unearned premiums	0.7	0.1	0.8
Net earned premiums Non-life	425.0	1,523.6	1,948.6

First half year 2017	Accident & Health	Property & Casualty	Total
Gross written premiums	493.2	1,801.0	2,294.2
Change in unearned premiums, gross	(42.4)	(75.3)	(117.7)
Gross earned premiums	450.8	1,725.7	2,176.5
Ceded reinsurance premiums	(16.5)	(87.6)	(104.1)
Reinsurers' share of unearned premiums	2.5	(5.5)	(3.0)
Net earned premiums Non-life	436.8	1,632.6	2,069.4

20 Interest, dividend and other investment income

The table below provides details of interest, dividend and other investment income.

	First half year 2018	First half year 2017
Interest income		
Interest income on cash & cash equivalents	(0.1)	0.6
Interest income on loans to banks	9.8	10.2
Interest income on investments	823.0	883.3
Interest income on loans to customers	105.6	101.1
Interest income on derivatives held for trading	(1.0)	(0.1)
Other interest income	2.0	1.2
Total interest income	939.3	996.3
Dividend income from equity securities	85.0	85.6
Rental income from investment property	112.1	113.0
Revenues parking garage	207.9	196.9
Other investment income	10.0	8.8
Total interest, dividend and other investment income	1,354.3	1,400.6

21 Insurance claims and benefits

The details of insurance claims and benefits, net of reinsurance are shown in the table below.

	First half year 2018	First half year 2017
Life insurance	2,605.5	2,399.0
Non-life insurance	1,224.4	1,285.6
General account and eliminations	(0.6)	(0.6)
Total insurance claims and benefits, net	3,829.3	3,684.0

Details of Life insurance claims and benefits, net of reinsurance, are shown below.

	First half year 2018	First half year 2017
Benefits and surrenders, gross	2,450.7	2,529.5
Change in liabilities arising from insurance and investment contracts, gross	164.5	(123.8)
Total Life insurance claims and benefits, gross	2,615.2	2,405.7
Reinsurers' share of claims and benefits	(9.7)	(6.7)
Total Life insurance claims and benefits, net	2,605.5	2,399.0

Details of Non-life insurance claims and benefits, net of reinsurance, are shown in the following table.

	First half year 2018	First half year 2017
Claims paid, gross	1,207.9	1,287.2
Change in liabilities arising from insurance contracts, gross	39.8	246.6
Total Non-life insurance claims and benefits, gross	1,247.7	1,533.8
Reinsurers' share of claims paid	(39.3)	(57.1)
Reinsurers' share of change in liabilities	16.0	(191.1)
Total Non-life insurance claims and benefits, net	1,224.4	1,285.6

22 Financing costs

The following table shows the breakdown of financing costs by product.

	First half year 2018	First half year 2017
Financing costs		
Subordinated liabilities	33.6	35.5
Borrowings	7.8	11.7
Other borrowings	3.1	0.4
Derivatives	3.5	3.2
Other liabilities	10.7	8.5
Total financing costs	58.7	59.3

Notes to items not recorded in the consolidated statement of financial position

23 Contingent liabilities

23.1 Contingent liabilities related to legal proceedings

Like any other financial group, Ageas Group is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments surrounding the former Fortis Group between May 2007 and October 2008 (e.g. acquisition of parts of ABN AMRO and capital increase in September/October 2007, announcement of the solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium.

Ageas denies and will continue to challenge all allegations of wrongdoing. If these proceedings were to be successful, this could have substantial consequences for Ageas's financial position. Such consequences remain unquantifiable at this stage.

On 14 March 2016 Ageas entered into a settlement agreement with several claimant organisations that represent a series of shareholders in collective claims before the Belgian and Dutch courts (the "**Settlement**"). On 23 May 2016 the parties to the Settlement, i.e. Ageas, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis, VEB and Stichting FORsettlement requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders who will not opt out before the expiry of a given period, in accordance with the Dutch Act on Collective Settlement of Mass Claims (*Wet Collectieve Afwikkeling Massaschade*). In the meantime Ageas also reached an agreement with Mr Arnauts and Mr Lenssens, two Brussels based 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 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. The petitioners were offered the opportunity to submit a supplemented and amended agreement to the court by 17 October 2017 at the latest. As per 16 October 2017, Ageas decided to make a final additional effort of EUR 100 million (and confirmed this decision in a press release).

An extension of the filing period for 8 weeks was requested to the court on 16 October 2017. The court granted the request. 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.

A public hearing focusing on the fees and earning models of the claimant organisations was held on 16 March 2018 and a second public hearing focusing on the merits of the settlement proposal was held on 27 March 2018. Following questions asked by the court during the 27 March hearing, on 13 April 2018 the parties submitted clarifications regarding the settlement amount of EUR 1.3 billion contained in a second amended and restated settlement agreement dated 13 April 2018.

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 declaring the Settlement binding, the court believed the compensation offered under the Settlement is reasonable and that the claimant organisations Deminor, SICAF and FortisEffect are sufficiently representative of the interests of the beneficiaries of the Settlement.

This means that Eligible Shareholders are entitled to compensation for the events of 2007-2008, subject to a full release of liability with respect to these events, and in accordance with the (other) terms of the settlement agreement. It further means that Eligible Shareholders who do not timely opt out (i.e. at the latest on 31 December 2018), regardless of whether or not they timely file a claim form, are, by operation of law, deemed to have granted such release of liability and to have waived any rights in connection with the events.

The claims filing period started on 27 July 2018 and will end on 28 July 2019.

The Settlement will only be final if at the end of the opt-out period (i.e. 31 December 2018), the agreed opt-out ratio is not exceeded (except if Ageas has waived its termination right).

I Proceedings covered by the Settlement

1. CIVIL PROCEEDINGS INITIATED BY SHAREHOLDERS OR ASSOCIATIONS OF SHAREHOLDERS

A provision of EUR 1.1 billion has been recognized for the Settlement, including a provision of EUR 53.7 million related to the tail risk, estimated at 4% of the total settlement amount (see note 14 Provisions).

The parties to the Settlement agreed to suspend the legal proceedings initiated against Ageas and instructed their lawyers accordingly. In addition, since the filing of the request with the Amsterdam Appeal Court, all legal proceedings in the Netherlands, mentioned below in section 1.1 are suspended by operation of law.

The parties also committed to finally terminate their legal proceedings when the settlement becomes final. Deminor will use its best efforts to terminate proceedings in which it is involved by requesting its constituents to provide instructions to terminate the proceeding in accordance with Article 821 BJC.

These proceedings, both in Belgium and in the Netherlands, (i) aim at the payment of compensatory damages based on alleged miscommunication and/or market abuse committed, by Fortis during the period between May 2007 and October 2008 and/or (ii) are (in)directly related to the transactions in September/October 2008.

1.1 In the Netherlands

1.1.1 VEB

On 19 January 2011, VEB (Vereniging van Effectenbezitters) initiated a collective action before the Amsterdam District Court seeking a ruling that various communications between September 2007 and 3 October 2008 constituted a breach of law by Fortis, by financial institutions involved in the September/October 2007 capital increase, and/or by certain of Fortis' former directors and executives. VEB characterises each of these breaches as an unlawful act by all or certain defendants and states that these defendants were therefore liable for the loss incurred by any (former) shareholder who bought shares during the relevant period. Inter alia, VEB alleges (against Fortis, certain of its former directors and executives and against the forementioned financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 capital increase on Fortis' position in and exposure to the subprime situation, was incorrect and incomplete.

1.1.2 Stichting FortisEffect

Stichting FortisEffect and a series of individuals represented by Mr De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their collective action to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages. On 29 July 2014 the Amsterdam Appeal Court decided that the sale of the Dutch Fortis entities in 2008 remains unaffected. However, it also ruled that during the period of 29 September through 1 October 2008 Fortis provided misleading and incomplete information to the markets. The Court concluded that Ageas should indemnify the damages suffered as a result thereof by the shareholders concerned. The damages, if any, should be decided upon and determined in further proceedings. Ageas launched an appeal against the Court's decision with the Dutch Supreme Court in October 2014. FortisEffect equally appealed with the Supreme Court a.o. because the Appeal Court ruled that the communication of the Dutch State was not misleading. As FortisEffect's action against the Dutch State is not covered by the Settlement, its appeal against the Dutch State was not suspended. On 30 September 2016 the Supreme Court rejected the appeal relating to the Dutch State's communication.

1.1.3 Stichting Investor Claims Against Fortis (SICAF)

On 7 July 2011, 'Stichting Investor Claims Against Fortis' ('SICAF'), a 'Stichting' (Foundation) under Dutch law, brought a collective action before the Utrecht Court based on alleged Fortis miscommunication on various occasions during 2007 and 2008. SICAF alleges, i.a. (against Fortis and against two financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 rights issue on Fortis' position in and exposure to the subprime situation was incorrect and incomplete.

On 3 August 2012, the same SICAF, on behalf of and together with a number of identified (former) shareholders, brought a second action before the Utrecht Court against the same defendants and certain former Fortis directors and executives, claiming damages. The allegations in this second action are materially similar to the first action. In addition, the plaintiffs claim that Fortis failed in its solvency policy in the period 2007 and 2008.

1.1.4 Claims on behalf of individual shareholders

In proceedings initiated by a series of individuals represented by Mr Bos, the Utrecht Court decided on 15 February 2012 that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. In the same proceedings, certain former Fortis directors and top executives requested the Court to acknowledge the alleged Ageas obligation to hold them harmless for the damages resulting from or relating to the legal proceedings initiated against them and resulting from their mandates within the Fortis group. An appeal against the Utrecht Court judgement was filed with the Arnhem Appeal Court. In appeal, Mr Bos claims damages for alleged miscommunication about (i) Fortis' subprime exposure in 2007/2008, about (ii) Fortis' solvency in January – June 2008, (iii) the remedies required by the European Commission in the context of the ABN AMRO take-over and (iv) Fortis' liquidity and solvency position on 26 September 2008.

Since 1 August 2014, Mr Meijer initiated five separate proceedings, each one on behalf of an individual claimant, before the Utrecht Court, claiming to compensate for the loss due to alleged miscommunication by Fortis in the period September 2007 to September 2008.

On 23 September 2014, a former Fortis shareholder initiated proceedings against Ageas before the Utrecht Court, claiming damages because of miscommunication by Fortis between 29 September 2008 and 1 October 2008 as stated in the 29 July 2014 FortisEffect decision. On 1 April 2015 the court decided that this procedure will be joined with the first two Meijer proceedings.

On 11 May 2015, a former Fortis shareholder initiated proceedings against Ageas and a former Fortis executive before the Amsterdam court, claiming damages because of miscommunication on Fortis' financial position.

1.1.5 Stichting Fortisclaim

On 10 June 2016 Stichting Fortisclaim brought a collective action against Ageas before the Utrecht Court based on (i) Fortis' management of the solvency planning after the takeover of ABN AMRO and (ii) Fortis' various communications in the period 24 May 2007 to 3 October 2008 on its subprime exposure, its solvency, its liquidity, and its position after the first rescue weekend in September 2008.

1.2 In Belgium

1.2.1 Modrikamen

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Brussels Commercial Court initially requesting the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013, the Brussels Court of Appeal confirmed this judgment in this respect. In July 2014, Mr Modrikamen filed an appeal before the Supreme Court on this issue. On 23 October 2015 the Supreme Court rejected this appeal. To date the proceedings before the commercial court continue regarding the sale of Fortis Bank and aim at the payment of a compensation by BNP Paribas to Ageas, as well as by Ageas to the claimants. In an interim judgment of 4 November 2014, the court declared about 50% of the original claimants not admissible. On 29 April 2016 the Brussels Commercial Court decided to suspend the proceedings awaiting the outcome of the criminal procedure.

1.2.2 Deminor

On 13 January 2010, a series of shareholders associated with Deminor International (currently named DRS Belgium) brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of/or misleading information by Fortis during the period from March 2007 to October 2008. On 28 April 2014, the court declared in an interim judgment about 25% of the claimants not admissible.

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.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Brussels Commercial Court, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008; this action is suspended awaiting the outcome of the criminal proceedings.

On 25 June 2013, a similar action before the same court was initiated by two shareholders; those claimants ask for their case to be joined to the Deminor case. In the meantime, claimants agreed that their case be postponed *sine die*.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action is suspended awaiting the outcome of the criminal proceedings.

II Proceedings not covered by the Settlement

2. ADMINISTRATIVE PROCEDURE IN BELGIUM

The Belgian Financial Services and Markets Authority ('FSMA') initiated an investigation on Fortis' external communication during the second quarter of 2008. On 17 June 2013, the Sanctions Commission decided that in the period May-June 2008 Fortis communicated too late or incorrectly on the remedies required by the European Commission in the context of the ABN AMRO take-over, on its future solvency position upon full integration of ABN AMRO and on the success of the NITSH II offer. Therefore, the Sanctions Commission levied a fine on Ageas of EUR 500,000. On 24 September 2015, the Brussels Appeal Court ruled on the decision of the FSMA Sanctions Commission, and decided to impose a reduced fine of EUR 250,000 on Ageas for misleading statements made on 12 June 2008. Because of procedural reasons, there were a French-speaking procedure and a Dutch-speaking procedure. In each procedure, a decision is taken by the Brussels Appeal Court per 24 September 2015. Ageas filed an appeal against the Court's French decision with the Supreme Court on 24 August 2016. Ageas filed an appeal against the Court's Dutch decision with the Supreme Court on 14 June 2017.

3. CRIMINAL PROCEDURE IN BELGIUM

In Belgium, since October 2008 a criminal procedure is ongoing in relation to events mentioned above in the introduction to this chapter. In February 2013, the public prosecutor filed his written indictment with charges of (i) false annual accounts 2007 due to overestimation of subprime assets, (ii) enticement to subscribe the 2007 rights issue with incorrect information and (iii) publication of incorrect or incomplete information on subprime on various occasions between August 2007 and April 2008, for which charges he requested the *Chambre du conseil/Raadkamer* that certain individuals be referred for trial before the criminal court. As several interested parties requested and obtained additional investigative measures, the hearing before the *Chambre du conseil/Raadkamer* was postponed *sine die*. For the time being referral of Ageas is not being requested by the public prosecutor.

4. OTHER LEGAL PROCEEDINGS

4.1 Legal proceedings initiated by Mandatory Convertible Securities (MCS) holders

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), together with Fortis Bank SA/NV (now BNP Paribas Fortis SA/NV), Fortis SA/NV and Fortis N.V. (both now ageas SA/NV), were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Prior to 7 December 2010, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. However, at the request of Ageas, the President of the Brussels Commercial Court suspended the effects of this decision. Following 7 December 2010, the same MCS holders contested the validity of the conversion of the MCS and requested its annulment or, alternatively, damages for an amount of EUR 1.75 billion.

On 23 March 2012, the Brussels Commercial Court ruled in favour of Ageas, dismissing all claims of the former MCS holders. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 remains legally valid and no compensation is due. Certain former MCS holders appealed against this judgment, claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. A procedural hearing will be on 29 March 2018.

4.2 Legal proceedings initiated by RBS

On 1 April 2014, Royal Bank of Scotland (RBS) initiated two legal actions against Ageas and other parties: (i) an action before the Brussels Commercial Court in which RBS claims an amount of EUR 75 million, based on an alleged guarantee given by Fortis in 2007 in the context of a share deal between ABN AMRO Bank (now RBS) and Mellon and (ii) an arbitration procedure before ICC in Paris in which RBS initially claimed a total amount of EUR 135 million, i.e. the alleged EUR 75 million guarantee and EUR 60 million arising from escrow provisions. In March 2016, RBS dropped this latter claim of EUR 60 million. Following the hearings in January 2017 in the ICC arbitration, RBS agreed to withdraw the proceedings before the Brussels Commercial Court. Per 29 January 2018, the ICC Tribunal has informed Ageas of its award in Ageas's favour. All RBS's claims are dismissed.

5. 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.

6. GENERAL OBSERVATIONS

If the Settlement becomes final, the civil proceedings mentioned in section 1 may be settled, except for the claimants who timely opt out. These claimants can continue or start proceedings against Ageas. As mentioned above, a provision of EUR 1,1 billion has been recognized for the Settlement, including EUR 53.7 million for the tail risk.

If the Settlement would not be implemented, the civil proceedings mentioned in section 1 may continue. In that case, without prejudice to any specific comment made elsewhere in this chapter, given the various stages, the continuously evolving nature and the inherent uncertainties and complexity of the current proceedings described herein, Ageas's management is not in a position to assess the outcome of the claims or actions brought against Ageas, nor can it determine whether they can be successfully contested or whether they might or might not result in significant losses in the Ageas Consolidated Financial Statements. Ageas will make provisions if and when, in the opinion of management and the Board of Directors, consulting with its legal advisors, it considers that, for these matters it is more likely than not that payments will need to be made by Ageas and that the relevant amounts can be reliably estimated.

However, if any of these proceedings were to lead to negative consequences for Ageas or were to result in awarding monetary damages to plaintiffs claiming losses incurred as a result of Fortis miscommunication or mismanagement, this could have substantial consequences on Ageas's financial position. Such consequences remain unquantifiable at this stage.

23.2 Liabilities for hybrid instruments of former subsidiaries

In 2007 BNP Paribas Fortis SA/NV issued CASHES (Convertible And Subordinated Hybrid Equity-linked Securities), with ageas SA/NV acting as co-obligor (BNP Paribas Fortis SA/NV was at that point in time a subsidiary). From the original 12,000 securities issued, 3,791 securities remain outstanding, representing a nominal amount of EUR 948 million.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 3,958,859 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor plus 200 basis points, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV via issuance of new shares in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

In an agreement reached in 2012, that amongst others led to the tender and subsequent conversion of CASHES, Ageas agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

23.3 Other contingent liabilities

Together with BGL BNP Paribas, Ageas Insurance International N.V. has provided a guarantee to Cardif Lux Vie S.A. for up to EUR 100 million to cover outstanding legal claims related to Fortis Lux Vie S.A., a former subsidiary of Ageas that was merged at year-end 2011 with Cardif Lux International S.A.

Furthermore, certain individual customers of Ageas France, a fully owned subsidiary of Ageas Insurance International, filed claims against Ageas France in connection with its alleged unilateral modification of the terms and conditions of a unit-linked product by on-charging certain transaction fees. In addition to claiming reimbursement of these fees, plaintiffs also claimed prejudice for lost opportunities for arbitrating between Unit-linked funds and a guaranteed fund using latest known value dates, as well as prohibition for on-charging of the fees. In November 2014, Paris Appeal Court confirmed the first instance decision allowing the claims and appointed experts to determine the scope of indemnification. Following an appeal filed by Ageas France with the French Supreme Court, on 8 September 2016 the French Supreme Court substantially annulled the Paris Appeal Court decision in favour of Ageas France and referred the case to the Versailles Appeal Court.

24 Events after the date of the statement of financial position

Fortis settlement declared binding

On 13 July 2018, the Amsterdam Court of Appeal declared the Fortis settlement entered into between Ageas, Stichting FORsettlement and the claimant organisations (i.e. Vereniging van Effectenbezitters, Deminor, Stichting Investor Claims Against Fortis (SICAF) and Stichting FortisEffect) binding.

This decision means that 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) are entitled to compensation for the events of 2007-2008 subject to a full release of liability with respect to these events, and in accordance with the (other) terms of the settlement agreement.

Share buy-back programme 2017

Ageas completed on Friday 3 August 2018 the share buy-back programme announced on 9 August 2017. Between 21 August 2017 and 3 August 2018, Ageas has bought back 4,772,699 shares corresponding to 2.35% of the total shares outstanding and totaling EUR 200 million.

Share buy-back programme 2018

Ageas announced on 8 August 2018 a new share buy-back programme that will be launched as of 13 August 2018 up to 2 August 2019 for an amount of EUR 200 million.

There have been no other material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated Condensed Interim Financial Statements as at 30 June 2018.

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 2018 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 2018 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 2018 on 7 August 2018 and authorised their issue.

Brussels, 7 August 2018

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Filip Coremans
Chief Operating Officer	Antonio Cano
Directors	Sonali Chandmal (appointed 16 May 2018)
	Richard Jackson
	Yvonne Lang Ketterer
	Jane Murphy
	Lionel Perl
	Lucrezia Reichlin
	Katleen Vandeweyer
	Jan Zegering Hadders

Review report

Statutory auditor's report to the Board of Directors of ageas SA/NV on the review of the condensed consolidated interim financial information for the period ended 30 June 2018.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of ageas SA/NV (the "Company") and its subsidiaries (the "Group") as of 30 June 2018 and the related condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note *14 Provisions* to the condensed consolidated interim financial information as at 30 June 2018, which describes that the Group has recognized a provision of EUR 1.1 billion relating to the amended and restated settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008. The note describes that the settlement will only be final if at the end of the opt-out period, the agreed opt-out ratio is not exceeded or the Company waives its termination right.

Furthermore, without qualifying our conclusion, we draw your attention to note *23 Contingent liabilities* to the condensed consolidated interim financial information as at 30 June 2018, which describes that the Company is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium as a result of the events and developments surrounding the former Fortis Group between May 2007 and October 2008. If these proceedings were to be successful, this could have significant consequences for the Group's financial position. Such consequences remain unquantifiable at this stage.

Sint-Stevens-Woluwe, 7 August 2018

The statutory auditor
PwC Reviseurs d'Entreprises sccrl / Bedrijfsrevisoren bcvba
Represented by

Yves Vandenplas
Réviseur d'Entreprises/
Bedrijfsrevisor