

Ageasfinlux S.A.

Annual accounts
for the year ended
December 31, 2019
(with the Audit Report)

6, Rue Eugène Ruppert
L-2453 Luxembourg

R.C.S.: Luxembourg B 86.976

Ageasfinlux S.A.

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Ageasfinlux S.A.
société anonyme
registered office: 6, Rue Eugène Ruppert
L-2453 Luxembourg R.C.S. Luxembourg B 86 976
(hereinafter referred to as the « **Company** »)

MANAGEMENT REPORT FOR THE FINANCIAL YEAR AS OF DECEMBER 31, 2019

Dear Shareholder,

We are pleased to provide you with the report on the activities of the Company for the financial year 2019 and to submit the annual accounts for the financial year ended on December 31, 2019 for approval, as well as the accompanying audit report issued by PWC Luxembourg, *Société coopérative, Réviseur d'Entreprises agréé*.

1. Preparation of the annual accounts

The annual accounts are prepared by Intertrust (Luxembourg) S.à r.l., with which the Company concluded domiciliation, management & administration agreements, in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

2. Development of the Company's business

The Company continues to perform its activities that link with the EUR 1,250,000,000 undated floating rate equity-linked subordinated hybrid securities (the “**FRESH securities**”) that were issued in 2002 and the on-lending of the proceeds in the form of bonds issued by Ageas Insurance International NV and subscribed to by the Company. The FRESH securities that the Company issued will mandatorily convert into ageas SA/NV (“**Ageas**”) shares if the Ageas share price equals or exceeds EUR 472,50 for 20 consecutive stock exchange business days. After the events in September/October 2008 that led to the breakup of Fortis and given Ageas' current share price level, this conversion is not expected to take place in the coming decade. This also explains that the FRESH securities effectively trade as if they were perpetual instruments.

On 19 November 2019, the Company launched an offer to purchase in cash any and all of its

outstanding EUR 1,250,000,000 FRESH securities. Holders who validly tendered their FRESH securities by 5 p.m. CET on 2 December 2019 were offered 59.0 per cent. of the principal amount of their holding which was accepted for purchase. Holders who validly tendered their FRESH securities thereafter, but in any event by 10 A.M. CET on 3 January 2020, were offered 56.0 per cent. of the principal amount of their holding which was accepted for purchase. On 3 January 2020, the Company announced that in total 65.50 per cent. (being EUR 818,750,000 in nominal amount) of the outstanding FRESH securities were validly tendered and accepted for purchase. The purchase price of the FRESH securities was paid by way of a bridge loan granted by the sole shareholder of the Company, being Ageas Insurance International NV.

Following the purchase, the validly tendered FRESH securities were exchanged into 2,599,206 underlying shares of Ageas in accordance with the terms and conditions of the FRESH securities. These shares were sold to Ageas pursuant to a share purchase agreement at the closing price of the shares on Euronext Brussels on the day before the date of the share purchase agreement. The purchase price of the shares was paid by way of the issuance of a vendor note. The exchange of the FRESH securities furthermore triggered an automatic partial redemption of bonds which were issued by Ageas Insurance International NV and subscribed to by the Company for the same amount as the purchased FRESH securities.

On 31 January 2020, the Board of Directors of the Company approved the payment of an interim dividend to Ageas Insurance International NV which was partially set-off with the outstanding obligations under the redeemed bonds and partially distributed in kind by way of the upstreaming of part of the vendor note.

On 5 February 2020, the extraordinary general meeting of shareholders of the Company approved a capital reduction. This was distributed to Ageas Insurance International NV by way of the distribution in kind of the remaining part of the vendor note. The deed of the extraordinary general meeting of shareholders was published in the *Recueil Electronique des Sociétés et Associations* on 14 February 2020. The distribution in kind was approved by the Board of Directors of the Company on 30 March 2020.

3. Results for the financial year

Compared to the previous financial year, the result of the Company has decreased by EUR 16,874,737.06 (loss of EUR 361,743.42 in 2019 against a profit of EUR 16,512,993.64 in 2018). This decrease is mainly due to a partial reversal of value adjustment of EUR 16,488,099.34 booked on the

Ageas shares in 2018.

Tax of EUR 131,206.00 was composed of Luxembourg net wealth tax and a provision for CIT for the year 2019. The Company has also adjusted taxes for previous years for an amount of EUR (208,413.70).

Other external charges totalling EUR 558,900.04 are detailed as follows:

Bank charges	EUR 14,321.71
Audit fees	EUR 42,588.00
Legal fees	EUR nil
Tax consulting fees	EUR 400,884.79
Accounting, domiciliation, directorship and management fees	EUR 86,411.39
Paying agent fees	EUR 9,468.83
Luxembourg Chamber of Commerce and CSSF subscription fees	EUR 1,850.00
Publication and register costs	EUR 2,322.32
Other fees	EUR 1,053.00
Total	EUR 558,900.04

Other operating expenses amounting to EUR 439 relate to non-deductible VAT and tax penalties.

4. Balance sheet

4.1 Equity

The equity value amounts to EUR 155,516,836.41. The share capital of the Company totals EUR 127,794,757.12 represented by 103,060,288 registered shares with a nominal value of EUR 1.24 held by Ageas Insurance International NV. The latter acquired one share of the Company from FGF Lux S.A. on December 12, 2011, date on which Ageas Insurance International NV became the sole shareholder of the Company.

4.2 Financial assets

As at December 31, 2019, the Company held 3,968,254 Ageas shares valued at EUR 152,341,271.06 compared to a net book value of EUR 152,658,731.38 at year-end 2018.

The Board of Directors has decided to recognize a loss as durable if the value is longer than one year below the carrying-value; a loss is reversed when the market value is for more than one year above the carrying value. Since the lowest price in 2019 amounted to EUR 38.39, the value adjustment has been booked for an amount of EUR 317,460.32 moving the value of the share portfolio to EUR 152,341,271.06. The purchase price of the shares amounted to EUR 1,030,515,881.00, so the value adjustment amounts to EUR 878,174,609.94 at year end 2019.

These Ageas shares serve no other purpose than forming adequate collateral for the conversion rights, which can be exercised under the FRESH securities and are for that purpose pledged in favour of the FRESH securities' holders.

4.3 Tax

Based on its initial tax clearance letters dated 8 May and 17 October 2002 (the “**Initial Ruling**”), the Company agreed with the Luxembourg tax authorities that it would realise a net margin of 3bps on its financing activities, in particular the granting of intra-group loans financed by the issuance of the FRESH securities in an amount of EUR 1.25 billion. Based on the agreement in the Initial Ruling, the Company did not report and (immediately) make use of the tax losses booked, stemming from a depreciation on the Ageas shares it held.

Given that, on 28 January 2011, the Luxembourg tax authorities changed their approach to the remuneration of intra-group financial services, the Company had to revisit its transfer pricing policy. The Company therefore agreed with the Luxembourg tax authorities in a letter dated 19 September 2013 (the “**APA**”) to no longer apply a net margin of 3bps, but to instead apply a gross margin of 8bps (determined on the basis of a formal transfer pricing study prepared by an independent expert). Following this change, the Company has claimed the tax losses, originating from the depreciation of the Ageas shares, that could be deducted from the gross taxable margin.

On 12 April 2018, the Luxembourg tax authorities issued a letter indicating that, on the basis of detailed assessment on the Company's tax situation based on §100a of the Luxembourg general tax law, they had the intention to issue assessments for tax years 2013 and 2014, disregarding the tax

losses carried forward which arose in tax years prior to 2013 (i.e., in tax years where the company was subject to a net margin tax base). On 2 May 2018, the Company filed a letter with the authorities marking its disagreement with this position. Unfortunately, the authorities indicated that they would proceed with the tax assessment as contemplated and have assessed Luxembourg income tax at the rate of 29.22% on a taxable basis of EUR 871,222.62 for 2013 and EUR 921,680.41 for 2014, resulting in an amount of additional tax for 2013 of EUR 254,571.25 and 2014 of EUR 269,315.02. On 3 August 2018, the Company filed a formal tax protest letter with the Luxembourg tax authorities to challenge the position taken. As of the date of this note, the formal tax protest letter to the Luxembourg tax authorities remains unanswered. As the Luxembourg tax authorities have not answered the formal tax protest letter within 6 months, the Company is now admitted to initiate formal court proceedings before the Luxembourg administrative tribunal for the tax years 2013 and 2014.

More recently, on 10 March 2020, the Company received a letter from the Luxembourg tax authorities stating the intention to reassess the Company, like for the tax years 2013 and 2014, also for the tax years 2015 and 2016, using the same arguments. The Company has replied on 23 March 2020 with the arguments already raised during the 2013 and 2014 reassessment. Subsequently, and assuming that Luxembourg tax authorities would disregard the Company's comments, the Company would receive the formal tax assessment and should pay the taxes to avoid being subject to late interest penalties: the amounts to reassess for the income tax position of the Company, indicated in the letter received for the tax years 2015 and 2016, are EUR 535.094.25 in total. The Company must then file a formal tax protest letter to the Luxembourg tax authorities within 3 months of the receipt of the assessment (this would also secure its right to initiate legal proceeding in front of the administrative tribunal for the tax years 2015 and 2016 in case the formal tax protest letter remains unanswered after 6 months).

If the tax administration would follow the same position for the tax years thereafter – which is at this point highly likely – the tax charge at the level of the Company for tax years 2017 to 2018 in aggregate is estimated to respectively EUR 246,886.87 and EUR 209,854.87. Taxes for the year 2018 have been assessed by the Luxembourg Tax Authorities in November 2019.

For the financial year 2019, the tax authorities may claim Luxembourg income tax at the rate of 24.94% on a taxable basis of EUR 442,566.00.

4.4 Debtors and creditors

The Company subscribed to bonds issued by Ageas Insurance International NV for EUR 1,250,000,000.00 bearing interest at a rate of Euribor 3 months + 1.385%.

The current assets of the Company amounting to EUR 6,331,836.73 are detailed as follows:

- interest accrued on the loan granted to Ageas Insurance International NV for EUR 1,849,657.53
- cash at bank for EUR 4,225,867.94;
- other debtors for a total amount of EUR 253,341.00 composed of advances for corporate income tax, municipal business tax, net wealth tax and VAT receivable;
- prepayments for EUR 2,970.26.

The total liabilities amount to EUR 1,408,673,107.79. Said figure mainly results from capital and reserves for EUR 155,516,836.41 and the FRESH securities issued by the Company for EUR 1,250,000,000.00. The interest accrued on the FRESH securities amount to EUR 1,783,732.88.

5. Allocation of the result

The financial year 2019 ended with a **loss** of EUR (361,743.42). The Board of Directors proposes to allocate the result as follows:

loss as of December 31, 2019	<i>EUR</i>	(361,743.42)
loss brought forward	<u><i>EUR</i></u>	<u>(874,724,301.43)</u>
total loss	<u><i>EUR</i></u>	<u>(875,086,044.85)</u>
to carry forward	<i>EUR</i>	<u>(875,086,044.85)</u>

The Board of Directors has decided to take the own funds when verifying the criteria of article 100 of the Luxembourg Commercial Law. Taking this into account the Board states that the capital and

reserves of the Company exceed 50% of the subscribed capital.

6. Risk Management

Exposure to various risks arises in the normal course of business of the Company. The objective and policy of the Board of Directors is to minimise these risks to the extent possible. It wishes to report as follows about risks to which the Company could be exposed:

Operational risk

The risk of loss resulting from inadequate or failed internal processes or system, human error, external events or change in the competitive environment that damages the franchise or operating economics of the business is low: the activity of the Company is limited to managing the interest flows stemming from the loan and securities outstanding, whereby the board members are directly involved in any cash transaction realised.

Legal risk

In case of any potential risk (e.g. claim received from a note holder or an investor), the Company requests advice from the legal department of the Ageas group and advice from an external advisor if required by one member of the Board of Directors.

Furthermore, the Company follows the compliance rules defined by the Ageas group in terms of reputational risk and compliance with laws and regulations applicable to the Company.

Tax risk

In case of any potential tax risk, the Company requests advice from the tax advisors of the Ageas group and advice from an external advisor if required by one member of the Board of Directors.

Credit Risk

The Directors monitor exposure to credit risk on an ongoing basis. As only one loan is granted to Ageas Insurance International NV, by definition a significant concentration of credit risk exists. Credit evaluations are performed regularly.

The bonds issued by Ageas Insurance International NV including accrued interest represent about

89% of Assets held at year end 2019; Ageas Insurance International NV is rated A (Stable) by Fitch Ratings, while Ageas (the direct shareholder of Ageas Insurance International NV) is rated A+ (Stable) by Fitch Ratings.

The Directors have reviewed the debt servicing capacity of the Company and concluded that it completely relies on the debt servicing capacity of Ageas Insurance International NV, to which it granted a loan. Ageas Insurance International NV was involved in some legal proceedings that link with the sale of its Dutch insurance activity to the Dutch State, linked to the September/October 2008 events that lead to the break-up of Fortis. As Ageas Insurance International is no longer involved in these legal proceedings, the Board of Directors concluded that the debt servicing capacity is in good shape. In case the solvency of Ageas Insurance International NV would deteriorate materially, it could imply that the coupon payment on the Company's issued securities may not take place under all conditions. Please also note the analysis stated under liquidity risk.

Interest rate risk

The Directors have reviewed the interest rate risk of the Company, taking into account its current liabilities (primarily the FRESH securities issued in 2002) and current assets (primarily the on-loan to Ageas Insurance International NV) In terms of interest rate profile these assets and liabilities are both floating rate based, so the Company is currently not exposed to interest rate risk.

Liquidity risk

The Directors have reviewed the liquidity risks of the Company, given its current liabilities (FRESH securities) and assets (on-loan to Ageas Insurance International NV). The Directors concluded that in principle the coupons received on its assets more than cover the coupons that the Company owes on its liabilities, and are also sufficient to cover other expected running costs. Furthermore, the expected cash inflows on the on-loans take place on the same date as expected outflows on the issued securities.

In case Ageas Insurance International NV is not able to service its debt for whatever reason, the Company can elect to move to a so-called Alternative Coupon Settlement Method, to serve the coupons due on its liabilities. Such method implies that the Ageas group will deliver such a number of shares to FRESH securities' holders, that it fulfils its coupon obligations. The Ageas group is obliged to issue sufficient shares to fully support the coupon payment. In the unlikely event that the number

of shares that Ageas authorised to the Ageas group with a view to fully satisfy the coupon obligation, such situation leads to a postponement event according to the terms and conditions of the FRESH securities. In such case no cash will leave the Company. The Directors therefore concluded that in all foreseen circumstances no liquidity risk exists.

7. Corporate governance statement

The Ageas group has adopted its own corporate governance charter, which is available on <https://www.ageas.com/about/governance> and which should be followed within all its subsidiaries. Therefore and considering the organization and the structure, the Company has established the following committees:

The Audit Committee;

The Annual General Meeting of Shareholder;

The Board of Directors.

The annual general meeting of Shareholder

Any regularly constituted meeting of Shareholder of the Company represents the entire body of Shareholder.

Subject to all other powers reserved to the Board of Directors by law or the Articles of Incorporation, the meeting of Shareholder has the broadest powers to carry out or ratify acts relating to the operations of the Company.

The Board of Directors

The Company shall be managed by a Board of Directors, composed of not less than three members who need not to be Shareholder (the “**Board of Directors**”), The members of the Board of Directors will be elected by the general meeting of Shareholder, who will determine their number, for a period not exceeding six years, and, if their resignation would cause the number of remaining members to fall below three, they will hold office until their successors are elected. They are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the general meeting of Shareholder. In the event of a vacancy on the Board of Directors, the remaining directors may elect

by co-optation a director to fill such vacancy until the next general meeting of Shareholder, which shall ratify such co-optation or elect a new member of the Board of Directors instead. The Shareholder shall neither participate in nor interfere in the management of the Company.

The Board of Directors is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's object. All powers not expressly reserved by the Articles of Association or by the Laws to the general meeting of Shareholder or the statutory auditor(s) are in the competence of the Board of Directors.

The Board of Directors may delegate the daily management of the Company and the representation of the Company within such daily management to one or more persons or committees of its choice. The delegation of the daily management of the Company to members of the Board of Directors is subject to the previous authorization by the general meeting of Shareholder. The Board of Directors may also delegate other special powers or proxies or entrust determined permanent or temporary functions to persons or committees of its choice.

The Company will be bound towards third parties by the joint signature of any two members of the Board of Directors. The Company will further be bound towards third parties by the joint signatures or single signature of any persons to whom the daily management of the Company has been delegated, within such daily management, or by the joint signatures or single signature of any persons to whom special signatory power has been delegated by the Board of Directors, within the limits of such special power. Payment orders require the formal authorization by at least two members of the Board of Directors.

As on December 31, 2019 the Board of Directors, elected by the Shareholder at a general meeting, was composed as follows:

- 1) Ms. Laurence BIVER, born in Luxembourg (Grand Duchy of Luxembourg) on 06/01/1971, residing professionally at 6, rue Eugène Ruppert, L-2453 Luxembourg, was nominated as a director on 19/02/2018. Ms. BIVER is also expert Accounting Services at Intertrust (Luxembourg) S.à r.l.;
- 2) Mr. Koen Adrien DEVOS born on 06/04/1975 in Deinze, Belgium, professionally residing at Markiesstraat 1, 1000, Brussels, Belgium, was nominated as a director on 29/06/2018. Mr. DEVOS is also Director Treasury, Financing & Rating at Ageas;

- 3) Mr. Ajay Kumar GARG, born in Jalandhar, on 29/03/1980, residing professionally at Markiesstraat 1, 1000, Brussels, Belgium, was nominated as a director on 10/10/2018. Mr. GARG is also Group Director Capital Management, Treasury & FCG at Ageas;
- 4) Mr. Nikola KALEZIC, born in Belgrade (Republic of Serbia), on 31/03/1983, residing professionally at 6, rue Eugène Ruppert, L-2453, Luxembourg, was nominated as a director on 11/02/2019. Mr. KALEZIC is also Business Unit Manager Accounting Services at Intertrust (Luxembourg) S.à r.l.;
- 5) Mr. Lorenzo BARCAGLIONI, born in Rome (Republic of Italy), on 18/04/1974, residing professionally at 6, rue Eugène Ruppert, L-2453, Luxembourg, was nominated as a director on 04/02/2019. Mr. BARCAGLIONI is also Business Unit Manager Legal & Corporate at Intertrust (Luxembourg) S.à r.l.

The Audit Committee

Amongst the board members the shareholder meeting appointed two non-executive members, respectively – Ms. Laurence BIVER and Mr. Nikola KALEZIC (chairman). The Audit Committee maintains the relationship with the statutory auditor and is responsible for the following matters:

- selects the statutory auditor;
- monitors the audit performance, the auditor’s independence and informs the board of the outcome of the audit;
- monitors the financial reporting process of the entity and submits recommendations or proposals to ensure its integrity;
- monitors the effectiveness of the internal quality control and risk management systems of the entity.
-

Financial reporting process

The financial information is prepared on a monthly basis by Intertrust (Luxembourg) S.à.r.l., with

which the Company concluded domiciliation and management & administration agreements.

The financial information prepared by Intertrust (Luxembourg) S.à r.l. is duly reviewed by the Board of Directors.

Payments and transactions cannot be performed without the formal authorization of the Board of Directors.

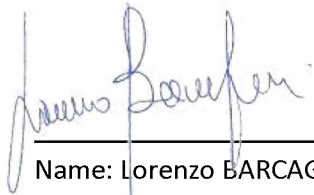
The Company does not own its own shares and has no branch.

8. Subsequent events

On 30 March 2020, the board of directors of the Company approved the payment of an interim dividend to Ageas Insurance International NV EUR 77,194,951.32, which equals the capital reduction approved on 5 February 2020 by the extraordinary general meeting of shareholders.

There have been no other events apart from those that have been described above and in the section 2 “Development of the Company’s business” of the present report.

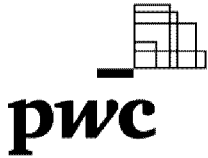
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Name: Lorenzo BARCAGLIONI
Position: Director



Name: Laurence BIVER
Position: Director



Audit report

To the Shareholder of
Ageasfinlux S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Ageasfinlux S.A. (the "Company") as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2019;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
-

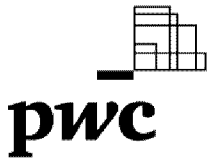
Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the Key audit matter

Recoverability of loans to affiliated undertakings

As described in Note 2.2, loans to affiliated undertakings, recorded at nominal value less any durable losses, are material to the annual accounts (total carrying value amounting to EUR 1.25 billion as at 31 December 2019) and consist of subordinated bonds issued by Ageas Insurance International N.V. that the Company has subscribed to. This balance represents 89% of the total assets of the Company.

Due to the significance of the Company's exposure towards Ageas Insurance International N.V. and the potential impact this can have on the ability of the Company to meet its contractual obligations, we consider the recoverability of loans to affiliated undertakings as a key audit matter.

Our procedures concerning the recoverability of loans to affiliated undertakings included, but not limited to, the following:

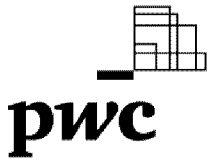
- We obtained and analysed the audited annual accounts of Ageas SA/NV, mother company of Ageas Insurance International N.V. for the year ended 31 December 2019 to assess whether any impairment was booked on its participation in Ageas Insurance International N.V. as at 31 December 2019;
- We inspected whether the interest coupon was timely paid by Ageas Insurance International N.V. to the Company by checking the bank statements;
- We obtained a confirmation form Ageas Insurance International N.V. regarding the amount of the loan outstanding as at 31 December 2019 and traced it to accounting records.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

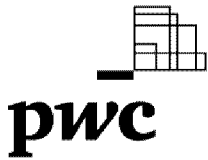
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the “Réviseur d'entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

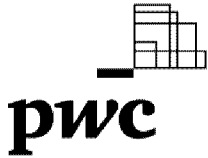


- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website <https://www.ageas.com/about/governance>, is the responsibility of the Board of Directors. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the General Meeting of the Shareholders on 5 July 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 30 April 2020

Electronically signed by:
Pierre Mallet

A handwritten signature in black ink, appearing to read 'Mallet', is written over a horizontal line.

Pierre Mallet

Annual Accounts Helpdesk :

RCSL Nr. : B86976

Matricule : 2002,2208,420

Tel. : (+352) 247 88 494

Email : centralebilans@statec.etat.lu

BALANCE SHEETFinancial year from ⁰¹ 01/01/2019 to ⁰² 31/12/2019 (in ⁰³ EUR)

Ageasfinlux S.A.

6 rue Eugène Ruppert

L-2453 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	0.00	0.00
I. Subscribed capital not called	1103	0.00	0.00
II. Subscribed capital called but unpaid	1105	0.00	0.00
B. Formation expenses	1107	0.00	0.00
C. Fixed assets	1109	1,402,341,271.06	1,402,658,731.38
I. Intangible assets	1111	0.00	0.00
1. Costs of development	1113	0.00	0.00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	0.00	0.00
a) acquired for valuable consideration and need not be shown under C.I.3	1117	0.00	0.00
b) created by the undertaking itself	1119	0.00	0.00
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	0.00	0.00
4. Payments on account and intangible assets under development	1123	0.00	0.00
II. Tangible assets	1125	0.00	0.00
1. Land and buildings	1127	0.00	0.00
2. Plant and machinery	1129	0.00	0.00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B86976

Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131 0.00	132 0.00
4. Payments on account and tangible assets in the course of construction	1133	133 0.00	134 0.00
III. Financial assets	1135 2.2, 3	135 1,402,341,271.06	136 1,402,658,731.38
1. Shares in affiliated undertakings	1137	137 0.00	138 0.00
2. Loans to affiliated undertakings	1139 3.1	139 1,250,000,000.00	140 1,250,000,000.00
3. Participating interests	1141	141 0.00	142 0.00
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143 0.00	144 0.00
5. Investments held as fixed assets	1145 3.2	145 152,341,271.06	146 152,658,731.38
6. Other loans	1147	147 0.00	148 0.00
D. Current assets	1151	151 6,328,866.47	152 6,259,038.45
I. Stocks	1153	153 0.00	154 0.00
1. Raw materials and consumables	1155	155 0.00	156 0.00
2. Work in progress	1157	157 0.00	158 0.00
3. Finished goods and goods for resale	1159	159 0.00	160 0.00
4. Payments on account	1161	161 0.00	162 0.00
II. Debtors	1163 2.3, 4	163 2,102,998.53	164 2,368,870.57
1. Trade debtors	1165	165 0.00	166 0.00
a) becoming due and payable within one year	1167	167 0.00	168 0.00
b) becoming due and payable after more than one year	1169	169 0.00	170 0.00
2. Amounts owed by affiliated undertakings	1171	171 1,849,657.53	172 2,009,760.27
a) becoming due and payable within one year	1173	173 1,849,657.53	174 2,009,760.27
b) becoming due and payable after more than one year	1175	175 0.00	176 0.00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177 0.00	178 0.00
a) becoming due and payable within one year	1179	179 0.00	180 0.00
b) becoming due and payable after more than one year	1181	181 0.00	182 0.00
4. Other debtors	1183	183 253,341.00	184 359,110.30
a) becoming due and payable within one year	1185	185 253,341.00	186 359,110.30
b) becoming due and payable after more than one year	1187	187 0.00	188 0.00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B86976

Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
III. Investments	1189	189	190
1. Shares in affiliated undertakings	1191	191	192
2. Own shares	1209	209	210
3. Other investments	1195	195	196
IV. Cash at bank and in hand	1197	197	198
E. Prepayments	1199	199	200
		201	202
TOTAL (ASSETS)			

0.00

0.00

0.00

0.00

4,225,867.94

2,970.26

0.00

0.00

0.00

0.00

3,890,167.88

2,954.96

1,408,673,107.79

1,408,920,724.79

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 5	301 155,516,836.41	302 155,878,579.83
I. Subscribed capital	1303 5.1	303 127,794,757.12	304 127,794,757.12
II. Share premium account	1305 5.2	305 1.26	306 1.26
III. Revaluation reserve	1307	307 0.00	308 0.00
IV. Reserves	1309 5.3	309 902,808,122.88	310 902,808,122.88
1. Legal reserve	1311	311 0.00	312 0.00
2. Reserve for own shares	1313	313 0.00	314 0.00
3. Reserves provided for by the articles of association	1315	315 0.00	316 0.00
4. Other reserves, including the fair value reserve	1429	429 902,808,122.88	430 902,808,122.88
a) other available reserves	1431	431 902,808,122.88	432 902,808,122.88
b) other non available reserves	1433	433 0.00	434 0.00
V. Profit or loss brought forward	1319	319 -874,724,301.43	320 -891,237,295.07
VI. Profit or loss for the financial year	1321	321 -361,743.42	322 16,512,993.64
VII. Interim dividends	1323	323 0.00	324 0.00
VIII. Capital investment subsidies	1325	325 0.00	326 0.00
B. Provisions	1331 2.5	331 957,982.00	332 1,052,726.00
1. Provisions for pensions and similar obligations	1333	333 0.00	334 0.00
2. Provisions for taxation	1335 6	335 957,982.00	336 1,052,726.00
3. Other provisions	1337	337 0.00	338 0.00
C. Creditors	1435 2.6, 7	435 1,252,198,289.38	436 1,251,989,418.96
1. Debenture loans	1437	437 1,251,783,732.88	438 1,251,943,835.62
a) Convertible loans	1439	439 1,251,783,732.88	440 1,251,943,835.62
i) becoming due and payable within one year	1441	441 1,783,732.88	442 1,943,835.62
ii) becoming due and payable after more than one year	1443	443 1,250,000,000.00	444 1,250,000,000.00
b) Non convertible loans	1445	445 0.00	446 0.00
i) becoming due and payable within one year	1447	447 0.00	448 0.00
ii) becoming due and payable after more than one year	1449	449 0.00	450 0.00
2. Amounts owed to credit institutions	1355	355 0.00	356 0.00
a) becoming due and payable within one year	1357	357 0.00	358 0.00
b) becoming due and payable after more than one year	1359	359 0.00	360 0.00

RCSL Nr.: B86976

Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	0.00	0.00
a) becoming due and payable within one year	1363	0.00	0.00
b) becoming due and payable after more than one year	1365	0.00	0.00
4. Trade creditors	1367	411,489.00	42,672.94
a) becoming due and payable within one year	1369	411,489.00	42,672.94
b) becoming due and payable after more than one year	1371	0.00	0.00
5. Bills of exchange payable	1373	0.00	0.00
a) becoming due and payable within one year	1375	0.00	0.00
b) becoming due and payable after more than one year	1377	0.00	0.00
6. Amounts owed to affiliated undertakings	1379	0.00	0.00
a) becoming due and payable within one year	1381	0.00	0.00
b) becoming due and payable after more than one year	1383	0.00	0.00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	0.00	0.00
a) becoming due and payable within one year	1387	0.00	0.00
b) becoming due and payable after more than one year	1389	0.00	0.00
8. Other creditors	1451	3,067.50	2,910.40
a) Tax authorities	1393	3,067.50	2,910.40
b) Social security authorities	1395	0.00	0.00
c) Other creditors	1397	0.00	0.00
i) becoming due and payable within one year	1399	0.00	0.00
ii) becoming due and payable after more than one year	1401	0.00	0.00
D. Deferred income	1403	0.00	0.00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	1,408,673,107.79	1,408,920,724.79

The notes in the annex form an integral part of the annual accounts

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email : centralebilans@statec.etat.lu

RCSL Nr. : B86976

Matricule : 2002,2208,420

PROFIT AND LOSS ACCOUNTFinancial year from ⁰¹ 01/01/2019 to ⁰² 31/12/2019 (in ⁰³ EUR)

Ageasfinlux S.A.

6 rue Eugène Ruppert

L-2453 Luxembourg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 <u>2.7, 10</u>	701 <u>351.00</u>	702 <u>0.00</u>
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 <u>0.00</u>	704 <u>0.00</u>
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 <u>0.00</u>	706 <u>0.00</u>
4. Other operating income	1713 _____	713 <u>0.00</u>	714 <u>3,846.87</u>
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-558,900.04</u>	672 <u>-197,023.08</u>
a) Raw materials and consumables	1601 _____	601 <u>0.00</u>	602 <u>0.00</u>
b) Other external expenses	1603 <u>11</u>	603 <u>-558,900.04</u>	604 <u>-197,023.08</u>
6. Staff costs	1605 _____	605 <u>0.00</u>	606 <u>0.00</u>
a) Wages and salaries	1607 _____	607 <u>0.00</u>	608 <u>0.00</u>
b) Social security costs	1609 _____	609 <u>0.00</u>	610 <u>0.00</u>
i) relating to pensions	1653 _____	653 <u>0.00</u>	654 <u>0.00</u>
ii) other social security costs	1655 _____	655 <u>0.00</u>	656 <u>0.00</u>
c) Other staff costs	1613 _____	613 <u>0.00</u>	614 <u>0.00</u>
7. Value adjustments	1657 _____	657 <u>0.00</u>	658 <u>0.00</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>0.00</u>	660 <u>0.00</u>
b) in respect of current assets	1661 _____	661 <u>0.00</u>	662 <u>0.00</u>
8. Other operating expenses	1621 <u>12</u>	621 <u>-439.00</u>	622 <u>-1,543.50</u>

The notes in the annex form an integral part of the annual accounts

RC SL Nr. : B86976

Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
9. Income from participating interests			
	1715	0.00	0.00
a) derived from affiliated undertakings	1717	0.00	0.00
b) other income from participating interests	1719	0.00	0.00
10. Income from other investments and loans forming part of the fixed assets			
	1721	13,028,287.68	13,255,376.71
a) derived from affiliated undertakings	1723	13,028,287.68	13,255,376.71
b) other income not included under a)	1725	0.00	0.00
11. Other interest receivable and similar income			
	1727	0.00	0.00
a) derived from affiliated undertakings	1729	0.00	0.00
b) other interest and similar income	1731	0.00	0.00
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663	0.00	0.00
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665	-317,460.32	16,488,099.34
14. Interest payable and similar expenses			
	1627	-12,590,790.44	-12,817,875.51
a) concerning affiliated undertakings	1629	0.00	0.00
b) other interest and similar expenses	1631	-12,590,790.44	-12,817,875.51
15. Tax on profit or loss			
	1635	102,865.05	-201,917.19
16. Profit or loss after taxation			
	1667	-336,086.07	16,528,963.64
17. Other taxes not shown under items 1 to 16			
	1637	-25,657.35	-15,970.00
18. Profit or loss for the financial year			
	1669	-361,743.42	16,512,993.64

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

1 General

Ageasfinlux S.A. (the “Company”) is a Luxembourg company, which was incorporated on April 22, 2002 under the laws of Luxembourg as a Société Anonyme, for an unlimited period.

On July 2, 2010, the Company changed its name from Fortfinlux S.A. to Ageasfinlux S.A..

The Company has its registered address at 6, rue Eugène Ruppert, L-2453 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S. Luxembourg n° B 86.976.

The financial year starts on January 1st and ends on December 31st.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, the possession, the administration, the development and the management of its portfolio.

In accordance with the legal provisions in Title II of the Law of December 19, 2002, these annual accounts were presented on a non-consolidated basis which will be approved in May 2020 by the shareholders during the Annual General Meeting.

The Company is included in the consolidated accounts of Ageas SA/NV, which forms the smallest and largest body of undertakings, with registered office at Rue du Marquis 1, B-1000, Brussels, Belgium of which the Company forms a part as a subsidiary undertaking. The consolidated accounts are available at each of the above-mentioned addresses and as well on the website of Ageas (www.ageas.com).

2 Significant accounting policies

The annual accounts are prepared in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg. The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of December 19, 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and its results fairly.

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

2 Significant accounting policies (continued)

The books and records are maintained in EUR and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.1 Currency conversion

The subscribed capital of the Company is expressed in euro (“EUR”) and these annual accounts are established in euro (“EUR”).

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses, long term assets and liabilities expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these items remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the financial year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization.

2.2 Financial assets

Financial assets are stated at nominal value (loans) less any durable losses. In case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.3 Debtors

Debts are valued at lower of nominal value or estimated net recovery value. Appropriate value adjustments are made against specific debts where, in the opinion of the Board of Directors, these debts have a risk attached to their ultimate recoverability.

2.4 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

2.5 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to the amount or the date on which these will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to the amount or the date on which these will arise.

At the balance sheet date, a provision shall represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years are recorded under the caption "Provisions for taxation". Advance payments are shown in the assets of the balance sheet under the "Other debtors" item.

2.6 Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account.

2.7 Net turnover

The net turnover comprises the amounts derived from recharge of fees, after deductions of sales rebates and value added tax and other taxes directly linked to turnover.

2.8 Interest income and expenses

Interest income and expenses are recorded on an accrual basis.

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

3 Fixed assets

The movements for the financial year are as follows:

	Loans to affiliated undertakings	Investments held as fixed assets	Total
	EUR	EUR	EUR
Gross book value - opening balance	1,250,000,000.00	1,030,515,881.00	2,280,515,881.00
Additions for the financial year	-	-	-
(Disposals for the financial year)	-	-	-
Transfers for the financial year	-	-	-
Gross book value - closing balance	1,250,000,000.00	1,030,515,881.00	2,280,515,881.00
(Accumulated value adjustments - opening balance)	-	(877,857,149.62)	(877,857,149.62)
(Additions for the financial year)	-	(317,460.32)	(317,460.32)
Reversals for the financial year	-	-	-
Transfers for the financial year	-	-	-
(Accumulated value adjustments - closing balance)	-	(878,174,609.94)	(878,174,609.94)
Net book value - opening balance as at 01/01/2019	1,250,000,000.00	152,658,731.38	1,402,658,731.38
Net book value - closing balance as at 31/12/2019	1,250,000,000.00	152,341,271.06	1,402,341,271.06

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

3.1 Loans to affiliated undertakings

The Company subscribed to bonds issued by Fortis Insurance N.V., which changed name into Ageas Insurance N.V. in May 2010 and merged into Ageas Insurance International N.V. in December 2010 (all these entities are affiliated undertakings); the bonds can be specified as follows:

Issue date	Name of the Company	Nominal EUR	Interest rate	Duration
May 7, 2002	Ageas Insurance International N.V.	1,250,000,000.00	Euribor 3 months +margin of 1.385%	No maturity date

The bonds are issued in denominations of EUR 250,000.00 each and are subordinated obligations of Ageas Insurance International N.V. (hereafter “AII”) and rank at all times (i) junior to any indebtedness or obligation, including any preference shares, of AII other than such indebtedness or obligation in clauses (ii) and (iii) below, (ii) *pari passu* and without any preference among themselves and with any other indebtedness or obligation that, expressly or by applicable law, ranks *pari passu* with the loans and (iii) senior to (A) any indebtedness or obligation of AII that, expressly or by applicable law, is subordinated to the loans and (B) any ordinary shares of AII.

The bonds were redeemable, in a whole or in part, at any time at the option of AII, while a proportional number of bonds could convert into AII-shares upon an exchange of all or part of the FRESH securities (see Note 3.2).

Management of the Company reviewed these terms in 2013 and concluded that the conversion option represented no value (this option was far “out of the money”), while AII’s early redemption option represented a risk to the Company: the Company could experience difficulty to serve the coupon on the FRESH securities if this option would be exercised, as the Company in turn has no option to call the FRESH securities, while the cash or investment of this cash would not easily provide sufficient yield to cover the liabilities in the current yield environment.

Management therefore renegotiated the terms and conditions of the bonds and reached an agreement on new terms that became effective as of December 31, 2013: the early redemption option as well as the conversion option into AII shares were removed and replaced by a mandatory proportional redemption of the bonds by AII at par upon any exchange of all or part of the FRESH securities.

The Board of Directors has reviewed the valuation of Loans to affiliated undertakings and does not consider it necessary to make any value adjustments for durable losses (2018: nil).

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

3.2 Investments held as fixed assets

Investments held as fixed assets are analyzed as follows (in EUR):

	2019	2018
	EUR	EUR
Purchase Price	1,030,515,881.00	1,030,515,881.00
Value adjustment at the beginning of the year	(877,857,149.62)	(894,345,248.96)
(Addition) / Reversal	(317,460.32)	16,488,099.34
Value adjustment at the end of the year	(878,174,609.94)	(877,857,149.62)
Net book value at the end of the year	152,341,271.06	152,658,731.38
Market value at the end of the year	209,047,620.72	155,952,382.20

Following the merger and reverse stock split on Ageas SA/NV shares, which occurred on August 7, 2012, the Company holds 3,968,254 Ageas SA/NV shares. These Ageas SA/NV shares serve no other purpose than forming adequate collateral for the conversion rights, which can be exercised under the FRESH and are for that purpose pledged in favor of the FRESH holders. These shares have no voting/dividends rights as long as they are held by the Company.

All FRESH outstanding shall automatically be exchanged for Ageas SA/NV shares at the Exchange Price if, at any time after the seventh anniversary of the issue date, the weighted average price of an Ageas SA/NV share equals or exceeds EUR 472.50 for 20 consecutive stock exchange business days.

The Board of Directors has decided to recognize a loss as durable if the value is for longer than one year below the carrying value; a loss is reversed when the market value is for more than one year above the carrying value. Since the lowest price in 2019 amounted to EUR 38.39, the value adjustment was recorded for an amount of EUR 317,460.32 (2018: EUR -16,488,099.34) moving the value of the share portfolio to EUR 152,341,271.06 (2018: EUR 152,658,731.38).

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

4 Debtors

Debtors are composed of:

	Within one year	Total	Total
	EUR	31/12/2019 EUR	31/12/2018 EUR
Amounts owed by affiliated undertakings	1,849,657.53	1,849,657.53	2,009,760.27
Other debtors	253,341.00	253,341.00	359,110.30
Total	2,102,998.53	2,102,998.53	2,368,870.57

Amounts owed by affiliated undertakings correspond to accrued interest linked to the bonds subscribed by the Company in Ageas Insurance International N.V. The other debtors are represented by tax advances paid for a total amount of EUR 253,341.00 (2018: EUR 359,110.30).

5 Capital and reserves

Changes in capital and reserves during the year ended December 31, 2019 are as follows (in EUR):

	Subscribed capital EUR	Share premium and similar premiums EUR	Other reserves EUR	Result brought forward EUR	Result for the year EUR	Total EUR
Capital and reserves as at January 1st, 2019	127,794,757.12	1.26	902,808,122.88	(891,237,295.07)	16,512,993.64	155,878,579.83
Allocation of the result for the year 2018	-	-	-	16,512,993.64	(16,512,993.64)	-
Result for the year 2019	-	-	-	-	(361,743.42)	(361,743.42)
Capital and reserve as at December 31, 2019	127,794,757.12	1.26	902,808,122.88	(874,724,301.43)	(361,743.42)	155,516,836.41

The allocation of the result for 2018 was approved by the Annual General Meeting of the sole shareholder held on July 5, 2019.

5.1 Subscribed capital

The subscribed and fully paid capital of EUR 127,794,757.12 consists of 103,060,288 shares with a par value of EUR 1.24 each.

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

5.2 Share premium and similar premiums

The amount of EUR 1.26 related to the residual amount of the share premium incorporated to the capital following the Extraordinary Shareholder's meeting dated September 3, 2002 (2018: EUR 1.26).

5.3 Reserves

Legal reserve

Luxembourg law states that a company must appropriate annually to a legal reserve at least 5% of its statutory net profits until the aggregate reserve equals 10% of the subscribed share capital. Such reserve is not available for distribution.

The Company has not allocated any legal reserve because it has to cover the losses brought forward from previous years.

Other available reserves

Other available reserves correspond to an unrestricted special reserve constituted by the Extraordinary Shareholder's meeting dated September 5, 2002, amounting to EUR 902,808,122.88 (2018: EUR 902,808,122.88).

6 Provisions for taxation

Provisions for taxation are composed of:

- a provision for Net Wealth tax 2017 for an amount of EUR 20,890.00 (2018: EUR 20,890.00)
- a provision for Net Wealth tax 2015, 2016 and for Corporate Income Tax for a total amount of EUR 40,000.00 (2018: 40,000.00)
- a Corporate Income Tax provision* for an amount of EUR 897,092.00 (2018: EUR 991,836.00)

* Corporate Income Tax provision has been booked to cover taxes related to the years 2015 until 2019 (see note 16).

Ageasfinlux S.A.
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Notes to the annual accounts
for the financial year ended December 31, 2019

7 Creditors

Amounts due and payable for the amounts shown under “Creditors” are as follows:

	Within one year	After more than one year	Total 31/12/2019	Total 31/12/2018
	EUR	EUR	EUR	EUR
Convertible loans	1,783,732.88	1,250,000,000.00	1,251,783,732.88	1,251,943,835.62
Trade creditors	411,489.00	-	411,489.00	42,672.94
Other creditors	3,067.50	-	3,067.50	2,910.40
Total	2,198,289.38	1,250,000,000.00	1,252,198,289.38	1,251,989,418.96

Ageasfinlux S.A. has issued “Undated Floating Rate Equity-linked Subordinated Hybrid” (FRESH) in denominations of EUR 250,000.00 each on May 7, 2002 for a total amount of EUR 1,250,000,000.00. The FRESH pays an interest of EURIBOR-3 months plus a margin of 1.35%. The total interest charges on FRESH as at December 31, 2019 amount to EUR 12,590,747.26 (2018: EUR 12,817,869.18). The FRESH securities are exchangeable in Ageas SA/NV shares at an Exchange Price of EUR 315.00 per share. The FRESH are listed on the Luxembourg Stock Exchange.

The amount of EUR 1,250,000,000.00 (2018: EUR 1,250,000,000.00) is secured by collateral as indicated in the Note 3.2. The accrued interest amounts to EUR 1,783,732.88 (2018: EUR 1,943,835.62).

The trade creditors are represented by EUR 411,489.00 (2018: EUR 42,672.94) to be paid for audit services and tax advisory fees.

The other creditors mainly correspond to EUR 3,067.50 (2018: EUR 2,910.40) of tax to be paid.

8 Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of these bodies

During the financial year, no emoluments or obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year, were granted (2018: none).

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Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

9 Advances and loans granted to the members of the management and supervisory bodies

During the financial year, no loans or advances were granted to members of the Board of Directors or other administrative bodies (2018: none)

10 Net turnover

Net turnover is composed of recharges of fees to Ageas SA/NV amounting to EUR 351.00 (2018: nil).

11 Other external expenses

Other external expenses are presented as follows:

	2019	2018
	EUR	EUR
Bank fees	(14,321.71)	(11,160.38)
Legal fees	-	(53,046.04)
Audit fees*	(42,588.00)	(49,140.00)
Tax advisory fees	(400,884.79)	(16,994.25)
Other fees	(1,053.00)	(1,492.59)
Domiciliary, management fees & services	(86,411.39)	(52,823.49)
Paying agent fees	(9,468.83)	(8,601.04)
Contributions to professional associations	(1,850.00)	(1,850.00)
Publication & register costs	(2,322.32)	(1,915.29)
Total	(558,900.04)	(197,023.08)

*The total fees the Company paid to the auditors amount to EUR 42,588.00. Those fees correspond to amounts invoiced for services provided by PWC Luxembourg, during the year 2019 for the audit of the annual accounts for the year ended 31/12/2018. This item also includes provision for the audit 2019.

12 Other operating expenses

For the year ended December 31, 2019, other operating charges are composed of non-deductible VAT and tax penalties for a total amount of EUR 439.00 (2018: EUR 1,543.50).

Ageasfinlux S.A.
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Notes to the annual accounts
for the financial year ended December 31, 2019

13 Income from other investments and loans forming part of the fixed assets

Interest from other investments and loans forming part of the fixed assets correspond to interests on bonds subscribed by the Company in Ageas Insurance International N.V. amounting to EUR 13,028,287.68 (2018: EUR 13,255,376.71), of which EUR 1,849,657.53 (2018: EUR 2,009,760.27) are accrued at year-end (see note 3.1 and 4).

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Notes to the annual accounts
for the financial year ended December 31, 2019

14 Value adjustments in respect of financial assets and of investments held as current assets

Value adjustments in respect of financial assets and of investments held as current assets are composed of a value adjustment on investments held as fixed assets (refer to Note 3.2) for EUR 317,460.32 (2018: EUR -16,488,099.34).

15 Interest payable and similar expenses

The interest payable and similar expenses amounting to EUR 12,590,790.44 (2018: EUR 12,817,875.51) are mainly composed of interest expenses on the convertible bonds issued, of which EUR 1,783,732.88 (2018: EUR 1,943,835.62) are accrued at year-end (see note 7).

16 Tax expenses

The tax expenses of the Company for the financial year are detailed as follows (see also note 6):

	2019	2018
	EUR	EUR
Tax expenses for the financial year	(115,111.00)	(209,855.00)
Tax adjustments for the previous years	217,976.05	7,937.81
Tax on profit or loss	102,865.05	(201,917.19)
Other tax expenses for the financial year	(16,095.00)	(15,970.00)
Other tax expenses for the previous years	(9,562.35)	-
Other taxes	(25,657.35)	(15,970.00)

Based on its initial tax clearance letters dated 8 May and 17 October 2002 (the “Initial Ruling”), the Company agreed with the Luxembourg tax authorities that it would realise a net margin of 3bps on its financing activities, in particular the granting of intra-group loans financed by the issuance of the FRESH securities in an amount of EUR 1.25 billion. Based on the agreement in the Initial Ruling, the Company did not report and (immediately) make use of the tax losses booked, stemming from a depreciation on the Ageas shares it held.

Given that, on 28 January 2011, the Luxembourg tax authorities changed their approach to the remuneration of intra-group financial services, the Company had to revisit its transfer pricing policy. The Company therefore agreed with the Luxembourg tax authorities in a letter dated 19 September 2013 (the “APA”) to no longer apply a net margin of 3bps, but to instead apply a gross margin of 8bps (determined on the basis of a formal transfer pricing study prepared by an independent expert).

Ageasfinlux S.A.
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Notes to the annual accounts
for the financial year ended December 31, 2019

16 Tax expenses (continued)

Following this change, the Company has claimed the tax losses, originating from the depreciation of the Ageas shares, that could be deducted from the gross taxable margin.

On 12 April 2018, the Luxembourg tax authorities issued a letter indicating that, on the basis of detailed assessment on the Company's tax situation based on §100a of the Luxembourg general tax law, they had the intention to issue assessments for tax years 2013 and 2014, disregarding the tax losses carried forward which arose in tax years prior to 2013 (i.e., in tax years where the company was subject to a net margin tax base). On 2 May 2018, the Company filed a letter with the authorities marking its disagreement with this position. Unfortunately, the authorities indicated that they would proceed with the tax assessment as contemplated and have assessed Luxembourg income tax at the rate of 29.22% on a taxable basis of EUR 871,222.62 for 2013 and EUR 921,680.41 for 2014, resulting in an amount of additional tax for 2013 of EUR 254,571.25 and 2014 of EUR 269,315.02. On 3 August 2018, the Company filed a formal tax protest letter with the Luxembourg tax authorities to challenge the position taken. As of the date of this note, the formal tax protest letter to the Luxembourg tax authorities remains unanswered. As the Luxembourg tax authorities have not answered the formal tax protest letter within 6 months, the Company is now admitted to initiate formal court proceedings before the Luxembourg administrative tribunal for the tax years 2013 and 2014.

More recently, on 10 March 2020, the Company received a letter from the Luxembourg tax authorities stating the intention to reassess the Company, like for the tax years 2013 and 2014, also for the tax years 2015 and 2016, using the same arguments. The Company has replied on 23 March 2020 with the arguments already raised during the 2013 and 2014 reassessment. Subsequently, and assuming that Luxembourg tax authorities would disregard the Company's comments, the Company would receive the formal tax assessment and should pay the taxes to avoid being subject to late interest penalties: the amounts to reassess for the income tax position of the Company, indicated in the letter received for the tax years 2015 and 2016, are EUR 535,094.25 in total. The Company must then file a formal tax protest letter to the Luxembourg tax authorities within 3 months of the receipt of the assessment (this would also secure its right to initiate legal proceeding in front of the administrative tribunal for the tax years 2015 and 2016 in case the formal tax protest letter remains unanswered after 6 months). **If the tax administration would follow the same position for the tax years thereafter – which is at this point highly likely – the tax charge at the level of the Company for tax years 2017 to 2018 in aggregate is estimated to respectively EUR 246,886.87 and EUR 209,854.87.** Taxes for the year 2018 have been assessed by the Luxembourg Tax Authorities in November 2019.

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Notes to the annual accounts
for the financial year ended December 31, 2019

16 Tax expenses (continued)

For the financial year 2019, the tax authorities may claim Luxembourg income tax at the rate of 24.94% on a taxable basis of EUR 442,566.00.

17 Off balance sheet financial commitments

The Company has no off balance sheet commitment as at December 31, 2019 (2018: none).

18 Staff

The company had no employees during the financial year (2018: none).

19 Subsequent events

On 19 November 2019, the Company launched an offer to purchase in cash any and all of its outstanding EUR 1,250,000,000 undated floating rate equity-linked subordinated hybrid capital securities (“**FRESH**”) securities. Holders who validly tendered their FRESH securities by 5 p.m. CET on 2 December 2019 were offered 59.0 per cent. of the principal amount of their holding which was accepted for purchase. Holders who validly tendered their FRESH securities thereafter, but in any event by 10 a.m. CET on 3 January 2020, were offered 56.0 per cent. of the principal amount of their holding which was accepted for purchase. On 3 January 2020, Ageasfinlux S.A. announced that in total 65.50 per cent. (being EUR 818,750,000 in nominal amount) of the outstanding FRESH securities were validly tendered and accepted for purchase. The purchase price of the FRESH securities was paid by way of a bridge loan granted by the sole shareholder of Ageasfinlux S.A., being Ageas Insurance International NV.

Following the purchase, the validly tendered FRESH securities were exchanged into 2,599,206 underlying shares of Ageas SA/NV in accordance with the terms and conditions of the FRESH securities. These shares were sold to Ageas SA/NV pursuant to a share purchase agreement at the closing price of the shares on Euronext Brussels on the day before the date of the share purchase agreement. The purchase price of the shares was paid by way of the issuance of a vendor note. The exchange of the FRESH securities furthermore triggered an automatic partial redemption of bonds which were issued by Ageas Insurance International NV and subscribed to by Ageasfinlux S.A. for the same amount as the purchased FRESH securities.

On 31 January 2020, the board of directors of the Company approved the payment of an interim dividend to Ageas Insurance International NV which was partially set-off with the outstanding obligations under the redeemed bonds and partially distributed in kind by way of the upstreaming of part of the vendor note.

On 5 February 2020, the extraordinary general meeting of shareholders of the Company approved a capital reduction. This will be distributed to Ageas Insurance International NV by way of the distribution in kind of the remaining part of the vendor note. The deed of the

Ageasfinlux S.A.
Société Anonyme

Notes to the annual accounts
for the financial year ended December 31, 2019

19 Subsequent events (Continued)

extraordinary general meeting of shareholders was published in the *Recueil Electronique des Sociétés et Associations* on 14 February 2020. The distribution in kind was approved by the board of directors of the Company at the end of March 2020.

On 30 March 2020, the board of directors of the Company approved the payment of a second interim dividend to Ageas Insurance International NV.

In the first months of 2020, a pandemic originating from novel coronavirus disease 2019 (COVID-19) spread around the world, leading to numerous cases and casualties and causing an economic instability. At the date of approval of these annual accounts, it remains premature to assess the potential financial impact primarily stemming from the valuation of the financial assets held by the Company.

Given the nature of the business, the day-to-day operational processes remain limited in numbers, thus vastly reducing the impact of the current crisis. Furthermore, the management is perfectly able to operate remotely securing the continuity of the business on going concern basis. It remains important to note that the liquidity position of the business is broadly immune to the financial stress caused by the pandemic. Ageasfinlux held 'Cash at bank and in hand' of EUR 4,225,867.94 at end of 2019, ensuring sufficient cover for the annual cost of operations (excluding the debt servicing cost). The structural construct enables Ageasfinlux to more than fully cover the debt servicing cost through the recurring receivables from Ageas Insurance International against the underlying debt it holds towards Ageasfinlux. Ageas Insurance International at end of 2019 held over EUR 1 billion of cash, which sufficiently ensures its ability to honor its debt servicing capacity towards Ageasfinlux.

Ageasfinlux S.A.
Société anonyme
Registered office: 6, rue Eugène Ruppert, L-2453 Luxembourg
R.C.S. Luxembourg: B 86 976
(the Company)

WRITTEN RESOLUTIONS OF THE SOLE SHAREHOLDER

THE UNDERSIGNED,

Ageas Insurance International N.V., a company incorporated under the laws of Kingdom of Belgium, having its registered office at 1, Markiesstraat, 1000, Brussels, Kingdom of Belgium, being the sole owner of 50,599,806 shares of the Company, representing 100% of the Company's issued share capital and voting rights (the **Sole Shareholder**)

HEREBY AGREES and RESOLVES:

1. to **CONFIRM** and **APPROVE** the audited financial statements of the Company comprised of the balance sheet, the profit and loss account and the notes for the financial year ended on 31/12/2019 (together the **Audited Annual Accounts**) as attached hereto as Annexure A.
2. to **CONFIRM** and **APPROVE** the management report for the financial year ended 31/12/2019 attached hereto as Annexure B and the statutory (réviseur d'entreprises agréé) auditor's report for the financial year ended 31/12/2019 attached hereto as Annexure C;
3. to **CONFIRM** and **APPROVE** the allocation of the result of the Company in relation to the financial year ended 31/12/2019 as recommended by the Board of Directors;

to **CONFIRM** that according to the Audited Annual Accounts, the result for the year amounted to a **loss** of **EUR 361,743.42** and to **RESOLVE** to carry forward the loss to the next financial year in the following manner:

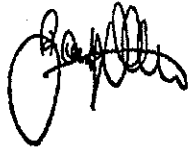
(i)	Loss brought forward from previous years	EUR	(874,724,301.43)
(ii)	Result for the financial year	EUR	(361,743.42)
(iii)	<u>To be carried forward to the next financial year</u>	<u>EUR</u>	(875,086,044.85)

The assumption made, arising from the review, was that the Company will continue to trade in accordance with projections and no unforeseen exceptional costs will occur.

4. to **CONFIRM** and **APPROVE** full and entire discharge of the Board of Directors of the Company (including the Directors who resigned) for the exercise of their mandate for the financial year ended 31/12/2019;
5. to **CONFIRM** and **APPROVE** discharge of the statutory (réviseur d'entreprises agréé) auditor of the Company for the exercise of their mandate for the financial year ended 31/12/2019;
6. to **CONFIRM** and **APPROVE** the re-appointment of PricewaterhouseCoopers Luxembourg (the PwC) Société coopérative, incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 2 rue Gerhard Mercator, L- 2182, Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 65 477 as statutory (réviseur d'entreprises agréé) auditor of the Company until the next annual general meeting considering the Audited Annual Accounts for the financial year ended 31/12/2020;
7. to **CONFIRM** and **APPROVE** the re-appointment of Ms Laurence BIVER as Director of the Company effective as of 30/04/2020 until the next annual general meeting considering the annual accounts for the financial year ended 2025;
8. to **AUTHORISE** any employee of Intertrust (Luxembourg) S.à r.l., to undertake the necessary action(s) required to file and register the Audited Annual Accounts and the changes mentioned in the resolutions with the Luxembourg Trade and Companies' Register, and to proceed with any required publication in the Recueil Electronique des Sociétés et Associations (RESA).

(Remainder of the page intentionally left blank – Signature page follows)

NOTE: These resolutions have been unconditionally and irrevocably proposed by the board of directors of the Company in accordance with the articles of association and the law of 10 August 1915 on commercial companies as amended from time to time.



By: Ageas Insurance International N.V.

Title: Sole Shareholder

Duly represented by: **Bart De Smet CEO**

Place: **Brussels**

Date: **05/05/2020**

