



# AGEAS TAX DISCLOSURE

UPDATED VERSION AS PER 30.06.2021

As a major international insurance Group, Ageas operates in a large number of jurisdictions across the globe and understands the importance of how taxes paid by businesses can positively benefit local economies and communities. To successfully operate within societies there is a need for corporates to ensure that taxes are correctly calculated and paid to governments.

## TAX APPROACH

Ageas' tax approach aims to ensure that the Ageas Group is a responsible tax payer with adequate processes and controls to enable all tax liabilities to be accurately calculated and all taxes due to be timely paid. In order to accomplish this, any tax initiative is carried out bearing in mind any reputational, financial, legal, regulatory or commercial risk. Ageas aims to manage tax risk and protect its reputation in a similar way to any area of operational risk across the Group.

As such, Ageas is committed to complying with the tax legislation within those jurisdictions to support the economies in which it operates as well as international tax regulation as applicable (i.e. OECD rules and European Directives framework among others).

Christophe Boizard, CFO Ageas :

*“One of the firm commitments of Ageas towards its stakeholders is to be a responsible tax payer. As such Ageas respects all international and national tax legislation in all countries in which it operates and has not put in place tax optimization structures. Ageas does not engage in artificial structures that have no commercial substance and are intended solely for tax avoidance. With this engagement Ageas takes up its responsibility towards the local communities as an employer and a local stakeholder with an aim to fundamentally support the local economies and its citizens.”*

## TAX GOVERNANCE

Local tax managers are responsible for the execution of the above approach and are the direct contacts of the local tax authorities. They report to the group tax manager for consolidation purposes. The group tax manager works under the direct supervision of the Group Legal Counsel, and of the CFO.

The tax strategy and policy is approved and overseen by the Board of Directors.



## TAX CONTEXT

Governments set statutory tax rates to balance their needs for tax collection against the attractiveness of their economies for businesses to operate within. Depending on the country, the total tax amount paid by Ageas will include corporate income tax, VAT, property taxes, registration duties, withholding tax, employment taxes and, all taxes related to insurance contracts.

Whilst some taxes are levied on a company's revenues, such as VAT and insurance premium tax, corporate income tax is a tax that is levied on a company's profits. This disclosure focuses solely on corporate income tax with the firm intention to broaden the scope going forward to other sources of tax.

For corporate income tax, the specificities of domestic tax legislation mean that the profits upon which a business pays its taxes may differ from the profits calculated in its IFRS financial statements. As a result, businesses may pay an amount of corporate income tax that varies from the Group accounting profits multiplied by the statutory tax rate. In 2018, 2019 and 2020 the jurisdictions in Europe, where the Group's most significant operations are located, were subject to the following statutory corporate tax rates: Belgium 29,58% for 2018 and 2019 and 25% as from 2020, Portugal 27,50% and United Kingdom 19,00%.

## EFFECTIVE TAX RATE (CIT)

The effective corporate income tax rate is calculated as the income tax expense divided by the accounting profit before tax, in accordance with the locally accepted accounting principles. The corporate income tax due can be paid in current or later years in line with local tax regulations.

In line with its consolidation scope, Ageas reports the corporate income taxes due where the Group holds, either directly or indirectly, a majority shareholding and operational control i.e. predominantly the operations in Belgium, Portugal and the United Kingdom. Ageas has multiple legal entities in each of these countries. While recognizing the relevance of the Asian market for our group results, Ageas' tax reporting does not include its minority shareholdings in Asia and Turkey. The income of these entities is, in normal circumstances, streamed up to Ageas SA/NV under the form of a regular annual dividend, which is tax exempted as it has been locally charged to corporate income tax.

The Group effective corporate income tax rate reflects the natural blend of the statutory tax rates, profit mix and the alignment of Ageas' tax strategy and business model within the various jurisdictions where the Group operates. It is expected that Ageas' recurring effective tax rate across jurisdictions will be relatively stable mid-term, unless major changes impact the Group's business model, structure or territories.

The table below summarizes the main elements of Ageas' tax position for corporate income tax, providing details for the main jurisdictions for the last two years, 2019 and 2020.

The local GAAP 2020 data with respect to ageas SA/NV is still to be finalized and will be updated as soon as available.



## 2020

### Group financial statements - IFRS (in EUR mio)

	ageas						Group	Group
	SA/NV	BE	UK	CEU	Asia*	Eliminations	Total 2020	Total 2019
Total income	1.894	8.043	938	1.786	295	( 586 )	12.370	15.099,2
Result before taxation	273	675	70	241	269	5	1.533	1.432,7
Tax charge	( 19 )	( 143 )	( 5 )	( 66 )	0,0	0,0	( 233 )	( 254,5 )
Number of FTE's	166	6.754	2.592	1.602	65		11.179	

### Local GAAP financial statements (in EUR mio)

	ageas					
	SA/NV	BE	UK	CEU	Asia*	Total 2020
Result before taxation		569,4	47,3	287,6		904,3
Tax charge		( 144,6 )	( 4,7 )	( 73,8 )		( 223,1 )
Tax paid		140,0	4,7	43,8		188,5
	<i>in 2020</i>	<i>140,0</i>	<i>4,7</i>	<i>43,8</i>		<i>188,5</i>
Accrued		4,6	0	30,0		34,6
Effective tax rate		25%	10%	15%		

\* Details for Asia are limited to IFRS results.

The results obtained in these non-consolidated entities are locally taxed and upstreamed under the form of dividends to Ageas SA/NV.

## 2019

### Group financial statements - IFRS (in EUR mio)

	ageas						Group	Group
	SA/NV	BE	UK	CEU	Asia*	Eliminations	Total 2019	Total 2018
Total income	1.466,1	9.642,0	838,7	3.081,0	545,9	( 474,5 )	15.099,2	11.826,7
Result before taxation	( 122,8 )	786,1	82,6	175,9	515,1	( 4,2 )	1.432,7	1.249,7
Tax charge	( 12,3 )	( 184,4 )	( 13,9 )	( 43,6 )	( 0,2 )	( 0,1 )	( 254,5 )	( 252,8 )

### Local GAAP financial statements (in EUR mio)

	ageas					
	SA/NV	BE	UK	CEU	Asia*	Total 2019
Result before taxation	34,6	943,5	71,8	220,1		1.270,0
Tax charge	( 1,4 )	( 123,1 )	( 14,4 )	( 51,5 )		( 190,4 )
Tax paid	1,4	117,5	2,6	39,5		161,0
	<i>in 2019</i>	<i>117,5</i>	<i>2,6</i>	<i>39,5</i>		
	<i>in 2020</i>	<i>1,4</i>	<i>2,7</i>			
Accrued	0	5,6	11,8	12,0		29,4
Effective tax rate	4%	13%	20%	23%		

\* Details for Asia are limited to IFRS results.

The results obtained in these non-consolidated entities are locally taxed and upstreamed under the form of dividends to ageas SA/NV.

Over 2020, 2019 and 2018, Ageas paid a total amount of EUR 115 million, EUR 59 million and EUR 125 million of corporate taxes respectively in its local joint ventures. This amount has been calculated in line with the percentual stakes it owns in these joint ventures.



## DETAILS BY MAIN JURISDICTION / OPERATION

### BELGIUM

ageas SA/NV - activity : re-insurance and corporate center			
	2020	2019	2018
Standard CIT rate	25%	29,58%	29,58%
ageas SA/NV			
	2020*	2019	2018
Pre-tax result		34,6	826,5
Tax base		0,2	14,9
Tax losses		0	10,8
Tax charge		( 0,1 )	( 1,4 )

\* reconciliation of tax charge for ageas SA/NV for 2020 will published as soon as available.

The difference between the pre-tax result and the tax base mainly relates to the previously described dividends that are upstreamed and tax exempted because local results were already subject to taxation.

AG Insurance – activity : insurance			
	2020	2019	2018
Pre-tax result	515,0	707,7	799,9
Tax base	482,0	302,5	398,1
Tax charge	( 120,5 )	( 78,7 )	( 117,7 )

As explained in the annex of the annual accounts available on the website of the National Bank of Belgium (NBB), the main difference between the pre-tax result and the tax base comes from taxed reserves, non-deductible expenses, tax deduction related to innovation, tax exempted dividends and capital gains. The latter two relate to the investment portfolio which AG Insurance manages for its customers and which is composed of equities, bonds and real estate. It also includes the majority stakes in AG Real Estate and Interparking.

AG Real Estate and Interparking – activity : real estate			
	2020	2019	2018
Pre-tax result	54,4	235,8	158,4
Tax base	100,9	155,0	126,7
Tax losses	4,4	4,9	7,4
Tax charge	( 24,1 )	( 44,4 )	( 35,3 )

The main reason for the difference between the pre-tax result and the tax base comes from non-deductible expenses, tax exempted dividends and notional interest deductions.



## UK

Ageas UK ltd - activity : insurance			
	2020	2019	2018
Standard CIT rate	19,00%	19,00%	19,00%
	2020	2019	2018
Pre-tax result	47,3	71,8	94,6
Tax base	25,0	75,9	106,0
Tax charge	( 4,7 )	( 14,4 )	( 20,2 )

The UK tax regulation uses the IFRS accounts as the basis for corporate tax calculation and the tax expenses are composed of a current tax and a deferred tax component. The current tax expenses approximately amounted in 2020, 2019 and 2018 to EUR 4 million, EUR 5 million and EUR 12 million respectively.

## PORTUGAL

CEU comprises Portugal and France, Portugal representing 80% of the income.

PORTUGAL : Millenniumbcp Ageas (51%), Occidental Seguros (100%), Médis (100%), Ageas Portugal Vida (100%) and Ageas Portugal Seguros (100%) - activity : insurance			
	2020	2019	2018
Standard CIT rate	27,50%	27,50%	27,50%
	2020	2019	2018
Pre-tax result	287,6	220,1	502,7
Tax base	211,7	195,6	148,1
Tax losses	18,7	15,9	0
Tax charge	( 73,8 )	( 51,5 )	( 45,0 )

The main difference between the pre-tax result and the tax base relates to the tax benefit connected to exempted dividends.

In summary, the main elements causing adjustments between taxable profits and accounting profits are the exemption on capital gains and dividends, notional interest deduction, tax treatment of provisions and tax losses available. Differences between the corporate income tax due (income tax charge in the income statement) and the income tax paid can come from timing differences between tax accruals and actual cash payments.

Please note that as reported in the Annual Report, based on international accounting standards the Ageas Group's overall effective tax rate under IFRS was 20,7% in 2018, 17,8% in 2019 and 15,2% in 2020, reflecting the corporate tax rate decrease and tax deduction related to innovation, both in Belgium (for more details please visit the Ageas website at [www.ageas.com/investors/quarterly-results](http://www.ageas.com/investors/quarterly-results)).

