

3.7.5 Implementation of Remuneration Policy in 2016

Board of Directors

The remuneration levels of the non-executive members of the Board were approved by a vast majority of the shareholders in 2010. Based on the periodic review an adjustment was proposed and approved by the General Meeting of Shareholders in 2013.

During 2016 no changes were proposed as to the remuneration levels of the non-executive members of the Board.

The remuneration levels approved by the General Meeting of Shareholders in April 2013 continue to apply. These remuneration levels consist of a fixed annual remuneration on the one hand and an attendance fee on the other. The fixed annual remuneration amounts to EUR 90,000 for the Chairman and EUR 45,000 for the other Non-Executive Board Members. Non-Executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting. More detailed information on the remuneration of the Non-Executive Board Members in 2016 can be found in note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2016.

Non-Executive Board Members do not receive annual incentives or stock options and are not entitled to pension rights. Non-Executive Board Members are not entitled to any termination indemnity.

The remuneration of the Executive Board Members is related exclusively to their position as member of the Executive Committee and is therefore determined in line with the Remuneration Policy for Executive Committee members.

In the framework of good corporate governance, to avoid the cascading of the decision process and to increase knowledge and awareness of the issues in the most important operating companies,

the Board of Directors decided to assign most of its non-executive members to the Boards of Directors of Ageas subsidiaries. To the extent that these positions are remunerated, the amounts paid out are disclosed in note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2016.

In accordance with the Remuneration Policy and the remuneration levels described above, the total remuneration of all non-executive directors amounted to EUR 1.25 million in 2016, compared to EUR 1.34 million in 2015. For more detailed information, please refer to note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2016.

Executive Committee

Both the level and the structure of remuneration for Ageas Executive Committee members are analysed annually. Upon the initiative of the Remuneration Committee, Ageas's competitive position is regularly reviewed by, and discussed with, Willis Towers Watson and compared with that of other major European-based international insurance firms and other organisations operating on an international basis.

Based on the assessment of the competitive positioning of the remuneration of the Executive Management in the second half of 2016, the Remuneration Committee recommended and the Board accepted to make no adjustments to Executive remuneration for 2017.

The Executive Committee consists of CEO Bart De Smet, CFO Christophe Boizard and CRO Filip Coremans, who are all executive members of the Board of Directors. Antonio Cano, COO joined the Executive Committee as of the General Meeting of Shareholders of 27 April 2016. The Remuneration Policy as described above applies to the members of the Executive Committee, and includes, but is not limited to, the rules on variable remuneration, severance pay and claw-back. In 2016, the total remuneration of the Executive Committee amounted to EUR 3.8 million compared to EUR 4.2 million in 2015.

As foreseen by the Remuneration Policy, the Executive Committee members are entitled to a short-term (STI) and a long-term incentive (LTI) regarding their performance over the year 2016:

- long-term incentive: the total shareholder return (TSR) of Ageas shares amounted to minus 7,6% over 2016, which was the fourteenth position in the peer group. The Remuneration Committee, jointly with the Corporate Governance Committee, thus recommended there was no granting of the LTI over the year 2016 as this result positions Ageas below the 25th percentile of the peer group;
- short-term incentive: two components, the Ageas component accounting for 70% and the individual component accounting for 30%, are taken into account in the calculation of the STI. The Remuneration Committee, jointly with the Corporate Governance Committee, recommended that the Board takes the results of the following KPIs into account:
 - Net Profit of the insurance activities;
 - Return on Equity (ROE) of the insurance activities;
 - Operating Margin for the guaranteed and unit-linked products;
 - Combined Ratio of the Non-life insurance activity;
 - Value Added by New Business;
- taking into account individual performances, this led to the following STI-percentages (target 50% of base compensation, range 0-100% of base compensation):
 - CEO Bart De Smet: 95% of target;
 - CFO Christophe Boizard: 84% of target;
 - CRO Filip Coremans: 90% of target;
 - COO Antonio Cano: 85% of target.

For each member of the Executive Committee, severance pay equals 12 months' salary which can in specific circumstances be increased to 18 months (including the non-competition provision).

More detailed information on the Remuneration Policy applicable to the Executive Committee is available in annex 4 of the Corporate Governance Charter: The remuneration for Ageas Board Members and Group Executive Committee members.

For more detailed information on individual remuneration and the number of granted, exercised and matured shares, share options and other rights to acquire shares, please refer to note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2016.

3.7.6 Procedure followed to develop and assess/review the Remuneration Policy

Upon its appointment in April 2009, the Remuneration Committee formulated a completely new Remuneration Policy. The Remuneration Committee reassesses the different elements of the Remuneration Policy and its compliance with existing legislation and regulation on a regular basis, assisted by the external advisor Willis Towers Watson.

It remains the opinion of the Remuneration Committee that the policy, with amongst others a deferral of the LTI and parts of the STI, and assessment of the performance during the period of deferral, complies with present standards and regulations and as such fits in with the strategy of the company.

3.7.7 Outlook for Remuneration Policy in 2017

Ageas will continue to benchmark the structure of its Remuneration Policy against the competitive and regulatory environment as it has done in the past and will, if required, propose modifications or updates. Any modifications of the Remuneration Policy will be submitted for approval to the General Meeting of Shareholders.

Brussels, 4 April 2017

Board of Directors

