

ageas SA/NV

Société Anonyme/Naamloze Vennootschap

Rue du Marquis 1/Markiesstraat 1
1000 Brussels

RPR Brussels 0451.406.524

SPECIAL REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

on the extension of the objects clause

prepared in accordance with Article 559 of the Belgian Companies Code

This report is drawn up in accordance with Article 559 of the Belgian Companies Code, to support the proposal that will be made to the Extraordinary General Meeting of Shareholders, to extend the objects clause of ageas SA/NV (also referred to as the “Company”), i.e. to include the provision of life and non-life reinsurance.

I. AUTHORIZATION TO EXTEND THE PURPOSE OF THE COMPANY

1. Authorization requested from the Extraordinary General Meeting of Shareholders

1.1. Rationale

Fungibility of capital is of high importance for insurance groups. (Internal) reinsurance is an instrument that allows for creating fungibility of capital (and diversification), translating into the following key benefits:

1. Thanks to pooling risks via internal reinsurance, the capital fungibility in the group can be increased and this can give Ageas higher flexibility and agility to execute its business strategy.
2. On subsidiary level, a reduction in local solvency capital requirements can be achieved, while a comfortable regulatory capital position will be maintained at ageas SA/NV.
3. With internal reinsurance enabled, Ageas can better recognize its (geographical) diversification.

Further, through participating in existing local reinsurance treaties, ageas SA/NV can:

1. Assure adequate reinsurance cover for Ageas group, aligned with its Risk Appetite.
2. Optimize the net cost of reinsurance for Ageas by:
 - a. Structuring cessions to the external reinsurance market in such a way that only those risks exceeding the Ageas Risk Appetite are ceded.
 - b. Optimizing negotiation power for the acquisition of external reinsurance.
 - c. Possibly providing access to the capital markets (Cat bonds...)
3. Become less dependent on reinsurance market cycles by ceding more when the market is soft and keeping more when it is hard.
4. Support operating companies in structuring and placing more complex reinsurance structures.

1.2 Benefits

Benefits for the operating companies

The subsidiaries of Ageas will mainly benefit from:

- Reduction of the sensitivity of the Solvency II ratio to peak events
- Optimisation of eligible own funds
- Flexibility for refinancing/financing growth through centrally provided reinsurance capacity

Benefits for ageas SA/NV

For ageas SA/NV, the proposed reinsurance license permits to:

- Dispose of flexibility to provide support to organic and inorganic growth
- Provide swift intervention to support subsidiaries in case of capital shortage
- Pool risks centrally which will allow Ageas to retain more risks - that are currently locally reinsured with external reinsurers - on the balance sheet of ageas SA/NV
- Optimize purchasing power on the external reinsurance market through larger, coordinated cessions

1.3. Change requested

Therefore, the board of directors proposes to the extraordinary general meeting of shareholders to grant an authorization, in line with many peers, to add the provision of reinsurance activities to the purpose of the Company.

II. CORRESPONDING AMENDMENT TO THE ARTICLES OF ASSOCIATION

Referring to past experience it is assumed that the first Extraordinary General Meeting of Shareholders of 19 April 2018 will not be able to validly deliberate and decide upon the corresponding amendment to the articles of association described below because the quorum of 50% of the capital is not attained and that only the second extraordinary general meeting of 16 May 2018 will be able to deliberate and decide.

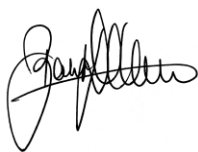
In the event that the Extraordinary General Meeting of Shareholders votes in favour of the requested authorization as set out above, Article 4 would be extended by adding the following paragraph b):

“b) Engaging in the organization and operation of reinsurance activities of any kind in its broadest sense.”

The assets and liabilities statement as at 28 February 2018 are attached in Annex 1.

Brussels, 20 February 2018

For the Board of Directors of ageas SA/NV



Bart De Smet
Chief Executive Officer



Jozef De Mey
Chairman