

11 Remuneration of Board of Director Members and Executive Committee members

This note describes the Ageas remuneration policy as applied in 2010. It contains detailed information on the remuneration of individual members of the Board of Directors and of Executive Committee members who were in function during 2010.

The remuneration of the members of the Board of Directors and the Group Executive Committee members has been determined in accordance with the remuneration policy, which was approved by the General Shareholders Meetings of ageas SA/NV on April 28, 2010 and ageas N.V. on April 29, 2010 respectively, and which is set forth in the Ageas Corporate Governance Charter as amended from time to time (see www.ageas.com/en/Pages/governance.aspx).

The Remuneration Policy had been determined earlier by the Board and approved by the shareholders meetings of 2010 anticipating already the new Belgian Corporate Governance act issued on May 3, 2010 in providing limits on severance pay and deferral mechanisms for bonuses. In order to conform with the formal requirements of this new law introduced after the approval of the Ageas Remuneration policy, the remuneration policy will be submitted again for approval to the General Meetings of Shareholders on 27 and 28 April 2011 including now any non-compete provisions in the limitations of severance pay, in line with the requirements of the law on this specific item.

Paragraph 11.1 describes the remuneration of the non-executive members of the Board of Directors. The remuneration of the executive Board member (the CEO) and the other members of the Group Executive Committee is clarified in paragraph 11.2 entitled Remuneration of Ageas Executive Committee members.

11.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2010 – Remuneration 2010

In 2010, two members, Ms Belén Romana and Ms Bridget McIntyre (both non-executives) joined the Board. Apart from that, there were no changes in the Board's composition. The Board is therefore currently composed of ten members: Jozef De Mey (Chairman, non-executive), Bart De Smet (CEO, executive), Guy de Selliers de Moranville (vice-chairman, non-executive), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegering Hadders (non-executives) and the two new board members.

Both Ms. Belén Romana and Ms Bridget McIntyre joined Messrs. Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegering Hadders as board member of the Board of Directors of non-operating companies: ageas Utrecht N.V., ageas Insurance N.V. and Ageas Insurance International N.V. In the course of 2010, ageas Utrecht N.V. and Ageas Insurance N.V. ceased to exist due to their merger within ageas Insurance International N.V. Mr. Jozef De Mey is also member of the board of directors of Taiping Life (China), Muang Thai Holding Co. Ltd. (Thailand). These functions are unpaid.

Ms. Bridget McIntyre has also joined Messrs. Guy de Selliers de Moranville (Chairman), Roel Nieuwdorp (up to end 2010) and Jan Zegering Hadders in the Board of Directors of ageas UK, Ltd. Messrs. Jozef De Mey (Chairman), Frank Arts and Lionel Perl continue to be members of the Board of Directors of AG Insurance SA/NV. Mr. Jozef De Mey is also a member of the Board of Directors of AICA (Hong Kong). These functions are remunerated.

Total remuneration of non-executive Board members amounted to EUR 1.12 million in the financial year 2010 (2009: EUR 0.46 million) reflecting the market consistent remuneration approved by the 2010 General Meeting of Shareholders, the arrival of 2 additional board members and the number of Board and Committee meetings held. This remuneration includes the basic remuneration for Board membership and the attendance fees for Board committee meetings both at the level of Ageas and at its subsidiaries.

Remuneration policy implementation

In April 2010, the General Shareholders meeting of ageas SA/NV and ageas N.V. respectively approved and adopted the remuneration policy applicable as of 1 January 2010 of the Ageas non-executive Board members.

Please refer to Report of the Remuneration Committee for further information on the remuneration levels applicable to non-executive Board members.

In accordance with the policy, non-executive Board members did not receive annual incentives or stock options and were not entitled to pension rights. The remuneration of the Executive Board member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the remuneration policy for Executive Committee Members (see paragraph 11.2).

Remuneration of the Board of Directors

The remuneration received by the members of the Board of Directors in 2010, including the remuneration received in subsidiaries and for various committees, is mentioned in the table below. The number of Ageas shares held by the Board members as at 31 December 2010 is reported in the same table.

	Function	From	Remuneration	Remuneration	Total	Ageas
			in 2010 (in EUR) ¹⁾ as Board member of Ageas	in 2010 (in EUR) as member of the Board of directors of Ageas subsidiaries	remuneration ⁴⁾ in 2010 (in EUR) A+B	shares directly held at 31 December 2010 by current Board Members
			A	B		
Jozef De Mey	Chairman	1 January 2010	120,000	56,781	176,781	94,276
Guy de Selliers de Moranville	Vice-chairman	1 January 2010	99,000	47,947	146,947	
Frank Arts	Non-executive Board member	1 January 2010	88,500	47,002	135,502	8,334
Shaoliang Jin	Non-executive Board member	1 January 2010	57,500		57,500	
Bridget F. McIntyre	Non-executive Board member	29 April 2010	52,500	27,169	79,669	
Roel Nieuwdorp ³⁾	Non-executive Board member	1 January 2010	115,000	42,100	157,100	2,600
Lionel Perl	Non-executive Board member	1 January 2010	108,000	56,500	164,500	70,000
Belén Romana	Non-executive Board member	29 April 2010	54,000		54,000	
Jan Zegering Hadders	Non-executive Board member	1 January 2010	103,500	44,556	148,056	
Bart De Smet	Chief Executive Officer (CEO)	1 January 2010	See infra ²⁾	See infra ²⁾	See infra ²⁾	33,846
Total			798,000	322,055	1,120,055	209,056

1) Board members also receive an attendance fee for committee meetings they attended as invitee.

2) Bart De Smet is not remunerated as Board member but as CEO (see note 11.2 for details of his remuneration).

3) Total remuneration is paid to a company, where the Board member holds a position.

4) Excluding reimbursement of expenses.

As announced in the Ageas Consolidated Financial Statements 2009, in the course of 2010, a remuneration of EUR 8,080, EUR 7,176 and EUR 6,826 was paid to respectively Guy de Selliers de Moranville, Roel Nieuwdorp and Jan Zegeering Hadders. These amounts relate to their board membership of Ageas UK, Ltd. in the financial year 2009.

11.2 Remuneration of Ageas Executive Committee Members

Since 1 September 2009, the Executive Committee of Ageas is composed of Messrs Bart De Smet (CEO), Bruno Colmant (Deputy CEO) and Kurt De Schepper (Chief Risk Officer). The CEO is the only executive member of the Board of Directors.

For their first full year in service, the members of the Executive Committee jointly earned in the course of 2010:

- ◆ a base remuneration of EUR 1,325,000 (compared to EUR 1,664,791 in 2009);
- ◆ a Short Term incentive (STI) of EUR 610,375, consisting of the STI related to their months of service in 2009 and the non-deferred part of the STI over the financial year 2010. Both will be paid in 2011. As disclosed in the Ageas Consolidated Financial Statements 2009, the STI over 2009 was only to be determined with the results of 2010;
- ◆ no Long Term incentive (no LTI was earned or paid either concerning the year 2009);
- ◆ and pension costs of EUR 331,249 (compared to EUR 1,010,292 in 2009);
- ◆ no termination compensations are paid in 2010.

The details of the remuneration of each member of the Executive Committee are further detailed below.

Remuneration Policy

The remuneration policy of the members of the Executive Management is determined by the Board of Directors, upon proposals by the Remuneration Committee and in April 2010 approved by the General Meeting of Shareholders of respectively ageas SA/NV and ageas N.V.

For more detailed information on the remuneration applicable to the Ageas Executive Committee Members, please refer to the Report of the Remuneration Committee.

The remuneration package is part of a contract providing the main characteristics of the status: the description of the components of the package, the termination clauses and various other clauses such as confidentiality and exclusivity. With effect from 1 December 2009 the contracts provide for a termination indemnity in accordance with the regulations drawn up by the Belgian government or the Dutch Corporate Governance (Frijns) Code. The members of the Executive Committee are self-employed.

Remuneration of the ExCo members in 2010

CEO

The remuneration of the CEO, who is also a member of the Board of Directors, relates solely to his position as CEO.

The remuneration of Bart De Smet has been determined after consultation with an external firm specialised in executive compensation and benefits, upon recommendation of the Remuneration Committee and in accordance with the remuneration policy.

Mr. De Smet's remuneration in 2010 comprised:

1. a base remuneration of EUR 500,000
2. an annual (short-term) incentive of
 - EUR 142,875 related to the 6 months of service in 2009, and
 - EUR 285,750 related to the financial year 2010.

In line with the Remuneration Policy, only EUR 142,875 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;

3. given the relative underperformance of Ageas compared to its peers³, the CEO did not receive a long term incentive over the six month period of service in 2009 and the entire financial year 2010;
4. the vesting of 10,380 shares in implementation of the restricted–shares plan 2007. This relates to his previous function as CEO of AG Insurance and does not relate to his current position as CEO of Ageas;
5. an amount of EUR 125,000 representing the costs of the defined contribution pension plan;
6. an amount of EUR 60,816 representing other usual benefits such as health, death and disability cover and company car.



³ For information purposes only, at present the peer Group consists of KBC, Dexia, AXA, BNP Paribas, Aegon, Eureko, ING, Generali, Mapfre, Allianz, Munich Re, Zurich Financial Services, Swiss Life, Swiss Re, Aviva and Prudential.

Other members of the Executive Committee

The composition of the Executive Committee remained unchanged in 2010.

In 2010, the remuneration of Mr. Colmant, Deputy CEO comprised:

1. a base remuneration of EUR 425,000;
2. an annual (short-term) incentive of
 - EUR 62,050 related to the 4 months of service in 2009, and
 - EUR 186,150 related to the financial year 2010.

In line with the Remuneration Policy, only EUR 93,075 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;
3. given the relative underperformance of Ageas compared to its peers⁴, the deputy CEO did not receive a long term incentive over the financial year 2010. For the Deputy CEO there was no LTI foreseen for the 4 month period of service in 2009;
4. an amount of EUR 106,250 representing the costs of the defined contribution pension plan;
5. an amount of EUR 46,830 representing other usual benefits such as health, death and disability cover and company car.

In 2010, the remuneration of Mr. De Schepper, CRO comprised:

1. a base remuneration of EUR 400,000;
2. an annual (short-term) incentive of
 - EUR 67,800 related to the 6 months of service in 2009, and
 - EUR 203,400 related to the financial year 2010.

In line with the Remuneration Policy, only EUR 101,700 of STI related to the financial year 2010 will be paid in 2011 with the STI related to 2009. The balance of the STI related to the financial year 2010 will be paid in the next two years, subject to – upward or downward – revision as foreseen in the remuneration policy approved by the General Assemblies in 2010;
3. given the relative underperformance of Ageas compared to its peers, the CRO did not receive a long term incentive over the four month period of service in 2009 and the entire financial year 2010;
4. the vesting of 8,218 shares in implementation of the restricted–shares plan 2007. This relates to his previous function at AG Insurance and does not relate to his current position as CRO of Ageas;
5. an amount of EUR 100,000 representing the costs of the defined contribution pension plan;
6. an amount of EUR 47,667 representing other usual benefits such as health, death and disability cover and company car.

Long Term Incentive

Since appointment as ExCo member

The members of the Executive Committee were not granted share options nor were commitments to grant restricted shares (in accordance with the rules of the plan to the CEO and the other members of the Executive Committee in 2010 and previous years, since their appointment) provided to them since their appointment as members of the Executive Committee.



⁴ For information purposes only, at present the peer Group consists of KBC, Dexia, AXA, BNP Paribas, Aegon, Eureko, ING, Generali, Mapfre, Allianz, Munich Re, Zurich Financial Services, Swiss Life, Swiss Re, Aviva and Prudential.

Before appointment

Details of the share options (granted) and the commitment to grant restricted shares relating to the options and restricted shares attributed in the past and related to the function previously held with the group before accepting the function of respectively CEO and CRO.

	Year	Number of options granted	Exercise price	Expiry date	Exercised before 2010	Options exercised in 2010	Outstanding at 31 December 2010	Restricted shares
B. De Smet	1999	5,913	26.58	31-12-2012			5,913	
	2005	17,476	18.65	10-04-2011			17,476	
	2006	14,227	24.68	2-04-2012			14,227	
	2007	12,339	28.62	1-04-2013			12,339	
	2008	2,530	16.46	2-04-2014			2,530	2,770
K. De Schepper	1999	5,913	26.58	31-12-2012			5,913	
	2003	8,959	12.17	27-04-2013			8,959	
	2004	8,959	14.78	13-04-2014			8,959	
	2005	8,959	18.41	11-04-2015			8,959	
	2006	10,452	24.68	2-04-2012			10,452	
	2007	9,771	28.62	1-04-2013			9,771	
	2008	2,040	16.46	2-04-2014			2,040	2,240

The restricted shares vest 3 years after granting

In accordance with the rules of the Restricted Shares Plan 2007 and the Remuneration Policy applicable at that time, restricted shares were attributed in 2007 to Mr. De Smet and Mr. De Schepper, in their former capacity of executives of AG Insurance, and were now granted to them on 8 September 2010. Following acceptance, Mr. De Smet and Mr. De Schepper were allowed to sell up to 50% of the shares as of that date and during a limited period of 10 days. They both accepted the restricted shares. Details of the restricted shares attributed in 2010 are shown below. The fair value of the restricted shares granted was EUR 2.05 per share (2009: EUR 3.16 per share).

	Total number of restricted shares committed to grant in 2007	Number of restricted shares sold or transferred in 2010	Number of restricted shares not sold or transferred in 2010	Number of restricted shares not sold or transferred from previous grants
B. De Smet	10,380		10,380	19,378
K. De Schepper	8,218		8,218	7,167