

ageas SA/NV

Société Anonyme/Naamloze Vennootschap

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SPECIAL REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

on the use and purpose of the authorized capital

prepared in accordance with Article 604 of the Belgian Companies Code

This report is drawn up in accordance with Article 604 of the Belgian Companies Code, to support the proposal that will be made to the extraordinary general meeting of shareholders, to grant to the board of directors the authorization to increase the share capital of ageas SA/NV (also referred to as the “Company”) with a maximum amount of EUR 148,000,000, enabling the issue of 19,500,000 shares, and to cancel, as the case may be, the balance of the authorized capital, as mentioned in Article 6 a) of the articles of association of the Company, which, on the date of this report, remains unused. The board of directors proposes that this authorization will be granted for a period of three years with effect as from the date of publication in the Belgian State Gazette of the resolutions of the extraordinary general meeting of shareholders approving this proposal.

I. AUTHORIZATION TO INCREASE THE SHARE CAPITAL OF AGEAS SA/NV WITH A MAXIMUM AMOUNT OF EUR 148,000,000

1. *Authorized capital granted on 16 May 2018*

On 16 May 2018, the extraordinary general meeting of shareholders granted to the board of directors of the Company the authorization to increase the share capital with a maximum amount of EUR 148,000,000 enabling the issuance of approximately 20,000,000 shares and applied to an accounting par value of EUR 7,40 at that point in time. Of these approximately 20,000,000 shares, approximately 700,000 shares covered commitments entered into in the context of the issue of certain financial instruments. On the date of this report, the entire amount of the authorized capital remains unused.

The authorization was granted to the board of directors for a period of three years, ending in 2021.

2. *Authorization requested from the Extraordinary General Meeting of Shareholders*

2.1. Rationale

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company, the Board of Directors aims to be able to have recourse to the authorized capital procedure to have the flexibility and rapidity that this procedure offers to enable the Company to issue shares, with the option to deviate from the preferential subscription right of the existing shareholders or to carry out a capital increase by means of a contribution in kind.

The requested authorization aims to be able to increase the share capital with a maximum amount of EUR 148,000,000 for general purposes. Applied to an accounting par value (after the proposed cancellation of shares) of EUR 7.57 this enables the issuance of up to 19,500,000 shares, representing approximately 10% of the total current share capital of the Company. The authorization is requested to be granted to the board of directors for a period of three years.

This technique also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments listed in section 2.2 a.

2.2. Objectives

The objectives of the request to grant authorised capital as set out in this report can be subdivided in (i) use for existing commitments and (ii) use for general purposes.

a. Use for existing commitments

The authorized capital must enable the Board of Directors to cover the commitments taken in the context of the issue of the hybrid financial instruments described hereafter.

Under the terms of these outstanding instruments, ageas SA/NV has committed itself to use all reasonable efforts to have sufficient authorized capital at all times to meet potential obligations to issue shares in the context of these instruments.

In certain circumstances, as further specified in the relevant contractual terms of the financial instruments, Ageas may be compelled to pay coupons which are due in new shares of ageas SA/NV ("Alternative Coupon Settlement Method" or "ACSM").

The contractual terms require that ageas SA/NV uses all reasonable efforts to have sufficient authorized capital at all times to meet these potential obligations. For this reason ageas SA/NV annually requests its shareholders to approve an authorized capital which can be used for this specific purpose.

This request notably concerns the following instruments:

- The issue in May 2002 by Ageasfinlux S.A. of so-called Undated Floating Rate Equity-linked Subordinated Hybrid ("FRESH") Capital Securities with a total nominal value of EUR 1,250,000,000, with a variable quarterly coupon of 3-month Euribor plus 1.35%. The ACSM obligation is triggered, among other things, in the event that ageas SA/NV does not pay a dividend (i.e. interim and final dividend taken together) in relation to any financial year with a yield of at least 0.5%. More specifically, ageas SA/NV has undertaken to (use all reasonable efforts to) have sufficient authorized capital at all times to cover the payment in shares of one year of coupons (i.e. four quarterly coupons);
- The issue in December 2007 by BNP Paribas Fortis (previously Fortis Bank) of so-called Convertible And Subordinated Hybrid Equity-linked Securities ("CASHES") with a total nominal value of EUR 3,000,000,000, with a variable quarterly coupon of 3-month Euribor plus 2%. Due to a partial conversion of these securities, the nominal value of still outstanding securities was reduced to EUR 947,750,000. The ACSM obligation is triggered, among other things, in the event that ageas SA/NV does not pay a dividend (i.e. interim and final dividend taken together) in relation to any financial year with a yield of at least 0.5%, as well as in the event of certain solvency events affecting BNP Paribas Fortis or the Ageas group. More specifically, ageas SA/NV has undertaken to (use all reasonable efforts to) have sufficient authorized capital at all times to cover the payment in shares of one year of coupons (i.e. four quarterly coupons).

It should be noted that BNP Paribas Fortis, that issued the above mentioned CASHES, is no longer under the control of ageas SA/NV, which has an impact on the risk of the ACSM being triggered.

Assuming a Euribor rate of -0,3% and an Ageas share price of EUR 40.00, the maximum number of shares to be issued by ageas SA/NV if the ACSM were triggered simultaneously on all

aforementioned financial instruments currently amounts to approximately 750,000 shares per annum.

b. Use for general purposes

The board of directors proposes to be authorized to issue up to 19,500,000 shares, representing approximately 10% of the total share capital of the Company, for general purposes. The commitments set out in section 2.2.a represents approximately 0.4% of the total number of outstanding shares in the Company; the remainder is requested with a view to achieving the following objectives taken individually or together:

- to bring in fresh capital for the Company or for one or more of its subsidiaries, either from all investors or on a specific market (issue in favour of unspecified persons), or from one or more specified persons;
- to fund investment opportunities that are in line with the strategy of the Ageas group;
- to remunerate one or more contributions in kind;
- to make it possible to remunerate shareholders in a particular manner, such as by paying a share dividend;
- to reorganise the equity structure, amongst other things by incorporating reserves into the capital, with or without the free allocation of shares or by incorporating the share premium account;
- to take an initiative to motivate all or some managers and staff of the Company or the Ageas group;
- to cover commitments to be made by the board of directors in the context of any issue of financial instruments;
- to cover any other circumstances or objectives which the board of directors may deem appropriate.

2.3. Amount requested

Therefore, the board of directors proposes to the extraordinary general meeting of shareholders to grant an authorization which, if approved, authorizes the board of directors to increase the share capital of the Company, in one or more transactions, with a maximum amount of EUR 148,000,000, which represents approximately 10% of the Company's current share capital.

In the event that the extraordinary general meeting of shareholders does not approve the Authorization, the balance of the existing authorized capital will not be cancelled.

The board of directors further proposes that this authorization will be granted for a period of three years, with effect as from the date of publication in the Belgian State Gazette of the resolutions approved by the extraordinary general meeting of shareholders.

This capital increase may be achieved, amongst other means, by contributions in cash (with or without cancellation or limitation of the preferential subscription right of the existing shareholders) or in kind, by incorporation, with or without the issue of new shares, of available or non-available reserves, share premium accounts, claims, the issue of bonds convertible into shares or bonds with subscription rights, as well as by subscription rights which may or may not be attached to another security.

II. CORRESPONDING AMENDMENT TO THE ARTICLES OF ASSOCIATION

The corresponding amendment to the articles of association described below assumes that, as past experience suggests, the first extraordinary general meeting of shareholders of 18 April 2019 will not be able to validly deliberate and decide because the quorum of 50% of the capital is not attained and that only the second extraordinary general meeting of 15 May 2019 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 and the balance of the existing authorized capital is consequently cancelled, Article 6 would be amended as follows:

- Paragraph a) would be amended as follows:

“a) the board of directors is authorized to increase the Company capital, in one or more transactions, with a maximum amount of one hundred forty eight million euro (EUR 148,000,000). This authorization is granted to the board of directors for a period of three years starting on the date of the publication in the Belgian State Gazette of the amendment to the articles of association of the Company resolved by the extraordinary general meeting of shareholders of 15 May 2019.”

Brussels, 19 February 2019

For the Board of Directors of ageas SA/NV



Bart De Smet
Chief Executive Officer



Jozef De Mey
Chairman