2013 AGM MINUTES

Annual General Meeting of Shareholders

Amsterdam, 23 May 2013

1. Opening and announcements

Mr **Kottman**, chairman of the Supervisory Board of Delta Lloyd N.V., opened the Annual General Meeting of Shareholders at around 2pm. He welcomed the attending shareholders as well as those viewing/listening to the meeting via the internet and introduced the members of the Supervisory Board, the members of the Executive Board, the external auditors, Messrs Koning and Van Overmeire of Ernst & Young, and the notary Mr Visser. He also welcomed the new shareholders. Mr Kottman noted that in the current market conditions the company sometimes ran into rough weather and that it was precisely in times like these that a robust ship, a capable crew, excellent navigating skills and a good sense of direction were absolutely vital.

The chairman noted that the composition of the Supervisory Board had changed compared to last year. Ms Boumeester resigned effective from 1 April of this year and was appointed to the Supervisory Board of Ziggo effective from 18 April. He thanked Ms Boumeester for her contribution during the past years as a member of the Supervisory Board, as chairman of the Remuneration Committee and as a member of the Nomination Committee. The chairman then said that the appointment of her successor was on the agenda for today and requested Ms Scheurwater, who was present in the conference room, to take the minutes for this meeting in her capacity as secretary.

The chairman observed that all statutory requirements and provisions contained in the Articles of Association regarding the convocation and holding of this Annual General Meeting of Shareholders had been complied with. The meeting was announced in a press release of 11 April 2013. The invitation, the agenda and all the accompanying documents had been posted on Delta Lloyd's website on the same day. The record date was 25 April 2013. The agenda and the notes to the agenda were subsequently made available for inspection and posted on the website of Delta Lloyd. The chairman noted that all formal requirements for convening the meeting had thus been complied with and that the meeting was therefore authorised to adopt valid resolutions.

An opportunity had been given to issue proxy voting instructions to an independent third party, civil-law notary Mr Visser. Alongside other proxies and voting instructions for the various resolutions via ABN AMRO e-voting, he had also received a number of electronic proxies. All votes received by the civil-law notary Mr Visser had already been entered into the electronic voting system.

The meeting was to be held in Dutch, with a simultaneous translation available in English. In addition, questions and comments could be made in English.

2. 2012 Annual Report

The **chairman** handed over to Mr Hoek, chairman of the Executive Board, who was to give a presentation clarifying the Annual Report for the 2012 financial year. Following the presentation questions could be asked.

Mr **Hoek** will briefly describe the results. Starting his review of the results in the past year, Mr Hoek indicated that 2012 had not been an easy year. The financial result (IFRS-based) was - EUR 1.5 billion, partly due to the low interest rates. He added that it was important to remember in this context that Delta Lloyd is one of the few insurers whose liabilities are marked to market value. The sharp decline in interest rates prompted Delta Lloyd to make additional provisions totalling more than EUR 4.7 billion for insurance liabilities. Against this background the financial result, though not brilliant, was pretty good. Delta Lloyd managed to retain its market leadership in new Life and Pension business in the Netherlands. Fewer buy-outs were concluded, but things were going well. In the general insurance sector, too, Delta Lloyd acquired new business. The banking business performed fairly well. All in all, therefore, Delta Lloyd made good commercial headway.

Delta Lloyd achieved an operational result of over EUR 404 million. In the first quarter of 2012, Delta Lloyd decided to discontinue its International Marine business, which was placed in run-off. Income insurance (partial disability 'WGA-ER' insurance) was also scaled back sharply as the insurance of own-risk carriers was not going well.

Delta Lloyd's capital position was resilient despite the turbulent markets and sharp fall in interest rates. Delta Lloyd proposed to pay out an unchanged dividend of EUR 1.03. The interim dividend was EUR 0.42, leaving to a final dividend of EUR 0.61, subject to the approval of the shareholders.

Mr Hoek reported that the low interest rates were having a significant impact on Delta Lloyd's result. The regulatory solvency increased slightly. The liabilities are calculated on the basis of ECB government bonds, the ECB AAA curve. Shareholders' funds were 40% lower, due to the sharp fall in interest rates. Gross written premiums lagged slightly, particularly compared to the record year of 2011 when many large pension contracts were concluded. On balance, however, Gross written premiums were still fairly good. The net operational result declined. Mr Hoek said that the good news was that the underwriting results of the insurance business were moving in a very positive direction, but that the lower interest rates were affecting the long-term investment return.

Mr Hoek referred to the presentation; the slide showing the yield curve (10-year point) clearly illustrated the low interest rate level. It emerged that the Collateralised AAA curve used by Delta Lloyd for the IFRS results fell sharply from 4% to 2%, whereas the ECB curve declined by approximately 1% only. This curve also remained far more in step with the value movements on the asset side of the balance sheet. For this reason, the regulatory solvency remained level. So there was a substantial decrease, particularly under IFRS, prompting Delta Lloyd to add an additional EUR 4.7 billion to the provision for insurance liabilities. The higher provision pushed down the shareholders' funds.

Mr Hoek then mentioned the persisting uncertainty surrounding the eurozone, but said that the situation seemed to have moved into somewhat calmer waters, with interest rates moving fairly steadily this year. Barring a few small fluctuations, interest rates were almost unchanged since early January.

Delta Lloyd's new business yielded good value, which is an important aspect. Despite the difficult conditions, the value of the new business rose to EUR 57 million in 2012. Delta Lloyd had an IRR of 8%. The target was raised to 10%, so this could still be a bit better. The combined ratio, consisting of claims, costs and provisions, looked good. Delta Lloyd spent 98 cents of every euro. Investments were also still earning money, so in principle the underlying results were positive. However, Mr Hoek did note that the International Marine and WGA-ER business had not been taken into consideration and that, due to these two activities, the past year had been a bad claims year for Delta Lloyd.

The target was to keep costs below EUR 820 million. Costs amounted to EUR 782 million. Mr Hoek reminded the meeting that Delta Lloyd's costs had been EUR 1,120 million in 2008, marking a reduction of almost EUR 340 million in absolute euro terms within four years. Delta Lloyd was already ahead of this year's target and was confident of bringing the costs below EUR 760 million in 2014.

The target for the operational return on equity was in the range of 8 – 12% and Delta Lloyd realised a return of 10.5%. Achieving the operational return target is easier when shareholders' funds decrease. The net operational result was under pressure: 16% down. This was mainly because Delta Lloyd took a loss of EUR 40 million on WGA-ER through the operational result, so this should improve.

The solvency was slightly above target and the dividend per share was stable, despite the lower IFRS results and the lower operational results.

Mr Hoek went on to discuss the figures per share. There was a substantial IFRS loss of EUR 8.53 per share. The operational result was positive: EUR 2.31, of which about 45% is paid out, leading to a dividend of EUR 1.03 per ordinary share. Shareholders' funds per share dropped significantly, but looking at Delta Lloyd's balance sheet from an economic perspective (i.e. embedded value), there was still a substantial difference between the embedded value as calculated by Delta Lloyd (EUR 22.85) and the share price.

Mr Hoek noted that the times were turbulent, but the strategy was consistent: the Future Secured. Security, distribution power, simplicity. This approach was proving to be very effective. Everything at Delta Lloyd is aimed at making products and processes simpler, eliminating bureaucracy and enhancing efficiency. There is vast knowledge within the Group and we are honest, approachable and work together. This philosophy is endorsed and promoted by all employees of Delta Lloyd. Significant successes were also achieved in distribution. The distribution-driven strategy is genuinely taking us further.

Mr Hoek then took a more detailed look at Delta Lloyd's strategy, starting with security. There was good news about the regulatory solvency at group level, which had risen from 177% to 193% at the start of this year. S&P, one of the leading rating agencies, rates Delta Lloyd Life and Delta Lloyd General at Single A, a good rating particularly given that many competitors received downgrades. Delta Lloyd was currently on credit watch, but this was because S&P was going to introduce new criteria shortly. Mr Hoek did not expect this to have much impact. At least S&P had said this themselves.

The BIS-ratio at the bank improved to 13.9% and Delta Lloyd had good access to the capital markets. Last summer Aviva placed a large tranche of Delta Lloyd shares in the market, followed by the final slice in early January 2013. In total, 40% of Delta Lloyd's issued ordinary shares was placed in the market. There was a huge oversubscription; you and your colleagues were queuing up to buy Delta Lloyd shares. Delta Lloyd also has good access to the debt capital market and placed a subordinated loan of EUR 500 million and carried out a securitisation transaction.

Mr Hoek noted that quite a lot had already been said about the shareholders' funds and indicated that additional provisions of EUR 4.7 billion had been set aside for Delta Lloyd's insurance liabilities. That money was lying ready for our customers, a reassuring thought, particularly as Delta Lloyd had made provisions for its insurance liabilities at very low interest rates. Delta Lloyd's liabilities are marked to market value. The problem is that no other insurers apply the same accounting policies. If Delta Lloyd, like most of its competitors, were to opt for a more traditional method, its shareholders' funds would be some 60% higher, namely EUR 3.7 billion.

Delta Lloyd is market leader in new business. Our joint venture with BinckBank, BeFrank, is doing well and bringing in many new contracts.

The general insurance premiums remained stable, at EUR 1.4 billion. Particularly *banksparen*, an alternative for Individual Life, grew strongly (+46%). In the past year Delta Lloyd took over the intermediary activities for Commercial General Insurance from the ABN AMRO joint venture. This gives us greater control over the distribution to SMEs. Admittedly, it put more people on our payroll (which raises costs), but we were actually already paying these costs in the form of commissions. The major benefit of this transaction is that it gives us better control over distribution.

Delta Lloyd concluded an exclusive distribution agreement with Deutsche Bank for Life and Pensions for 30 years, while in Belgium the first large bank distribution deal was concluded with Landbouwkrediet and Centea. Landbouwkrediet is part of Agricole and currently calls itself Crelan: over 600 branches, a substantial network and significant new distribution power.

Regarding the joint venture that was concluded with Friesland Bank, Mr Hoek noted that Delta Lloyd had been bought out after Friesland Bank was incorporated into Rabobank. This transaction produced a positive result.

Delta Lloyd still sees scope for improvement through organisational simplification and cost reduction. The International Marine business had a combined ratio (costs plus claims) of about 160%. In view of the large losses, we decided to discontinue this underwriting business. WGA-ER had a negative impact of EUR 40 million on the operational result. At the end of 2012, a sector-wide problem arose in relation to the assumed duration of disability benefits for WGA-ER products in the Netherlands. The WGA-ER market is very unprofitable for the insurers. Delta Lloyd announced its intention to raise its premium rates and to withdraw from this market. Taking their cue from Delta Lloyd, many insurers have meanwhile stopped writing new business. The planned sale of Delta Lloyd Germany to Nomura collapsed. The business in Germany was placed in run-off as planned.

The general insurance operation in Belgium, Zelia, was sold because of its limited scale.

Delta Lloyd hedged its equity position against downward price movements. In addition, more funds were invested outside the euro zone. Delta Lloyd has a good-quality property portfolio, without any noteworthy problems. Risks and returns are carefully balanced in the investment portfolio, because money must be made, also for the shareholders.

The investment portfolio performed well, in line with the benchmark: + 10.4%. However, the marked-to-market liabilities rose even faster. Provisions were made for the liabilities at 2% (IFRS) or 1.75% (IGD), while the investment portfolio generated 3.6%. Delta Lloyd measures its provisions at market value. Due to this conservative approach, relatively high provisions are maintained for policyholders.

Mr Hoek said that Delta Lloyd's core values - Honest, Approachable and We Work Together - were firmly embedded within Delta Lloyd. The quality mark was retained for all our labels and our service to customers was at a high level. As a decent and solid company, Delta Lloyd also embraces sustainability. According to SAM, a Robeco subsidiary, Delta Lloyd is now in the bronze class. Delta Lloyd also fulfils the conditions for inclusion in the Dow Jones Sustainability Index. The Global Reporting Initiative (GRI) of the United Nations gave us the highest possible score, A+, which, in addition, was audited. Regarding capital market access, Mr Hoek summed up the various placements. Delta Lloyd also obtained a listing on Euronext Brussels. This involved a dual listing, combined with Amsterdam. Delta Lloyd was immediately included in the Bel20 index. This will benefit the positioning of Delta Lloyd's Belgian life insurance and banking business.

Mr Hoek proceeded to review the first-quarter results. Gross written premiums declined by 7%. No large pension contracts were concluded so far this year. Life gross written premiums were 10% lower, while gross written premiums at General Insurance remained stable at EUR 466 million. Shareholders' funds were also stable at EUR 2.3 billion in the first quarter, because IAS 19R was adopted from the start of January. More conventional accounting policies would have put shareholders' funds at EUR 3.3 billion. The embedded value was stable at EUR 4 billion and the IGD solvency showed a substantial increase. Mr Hoek concluded that Delta Lloyd as a Group is in good shape and able to create value for its stakeholders. Delta Lloyd will continue giving its customers good service and concluding profitable business that is also beneficial for our customers. Thanks to our strong distribution model, we are also well-positioned for organic growth. No mergers or acquisitions are required to be successful. Delta Lloyd also has healthy access to the capital markets. Next Mr Hoek invited the shareholders to ask questions.

Mr **Anink** noted that the organisation needed to be made smaller and more flexible in response to the contraction in the insurance sector and wondered whether there was a good social plan and whether significant staff reductions were in the pipeline.

Mr **Hoek** replied that Delta Lloyd lowered costs by almost EUR 340 million in the past years and that its staff number was reduced from 7,800 employees to 5,200. This had been done in a gradual process that was initiated many years ago. Delta Lloyd is committed to finding a good solution for every departing employee. A good social plan is in place. Mr Hoek observed that the plan for further cost savings also entailed a further reduction in the staff of Delta Lloyd, but that there would be no large-scale redundancies. Delta Lloyd always adopted a gradual approach, with an eye for the individual.

Mr **Keyner** (Association of Stockholders / VEB) complimented Delta Lloyd for applying marked-to-market accounting policies and not counting its chickens before they were hatched. There were two issues he wanted to raise: regarding Delta Lloyd's strategy, he wondered whether the steps being taken were radical enough and whether enough time was being taken to think about the revenue model.

Mr **Hoek** replied that a great deal of thought had gone into Delta Lloyd's business model. Radical measures were being implemented, but in a controlled manner. He noted that Delta Lloyd had cut its costs from EUR 1,120 million to EUR 780 million, and that there was scope for a further reduction. Mr Hoek said that Individual Life, for instance, was under strong pressure, particularly in relation to unit-linked insurance products. It had now started to market simple products such as *banksparen*, term life insurance, immediate life annuities and immediate pensions. The existing portfolio had been segregated in order to run it as efficiently as possible.

In the pensions area, Delta Lloyd saw business opportunities. Unlike the pension funds, Delta Lloyd did not need to reduce its defined benefit pensions. That makes good marketing for pension insurers and Mr Hoek expected this to produce a lot of business for Delta Lloyd, as three quarters of the pensions market is in the hands of pension funds, while only a quarter is being held by insurers. This balance is expected to shift.

The General Insurance business grew roughly in line with the market. Delta Lloyd sought to improve the underwriting results, following the example of Delta Lloyd Life.

Aspects receiving attention on the investment side are the investment mix and the risk/return analysis. Mr Hoek indicated that every business line across the group was checked for its compatibility with the business model. Delta Lloyd operated 12 insurance companies in the Netherlands and this number was reduced to 5. Though this was perhaps hard to see for the outside world, Delta Lloyd overhauled its entire business model in the past years. Otherwise it could never have made such substantial cost savings.

Mr Hoek thought that Delta Lloyd is a really efficient company with substantial distribution power, where the costs could be reduced further and where the business was run on the basis of technical margins. Interest rates would not keep falling for ever and equity markets would also recover sooner or later. The company invested adequately in risk/return analysis and risk management. Given these ingredients Mr Hoek was fairly upbeat about the future, particularly as Delta Lloyd brought all the pain forward, so to speak, by applying marked-to-market valuation. Things were not easy; Mr Hoek, too, would rather see a recovering Dutch and Belgian economy, but thought that Delta Lloyd is in good shape.

Mr **Keyner** (VEB) wondered whether it wasn't actually a risk for Delta Lloyd to basically concentrate on the Netherlands and Belgium. He asked whether Delta Lloyd would consider setting its sights further afield once the storm had blown over. Or, Mr Keyner asked, are the pension opportunities considered to be so good that Delta Lloyd expects to generate a significant part of its revenue from the pensions market in, say, five years' time?

Mr **Hoek** replied that at the time of the initial public offering (IPO) Delta Lloyd deliberately opted to focus on the Dutch and Belgian markets. It was agreed with its shareholders that Delta Lloyd would target these countries until it announced a change of course. As no such change had been announced, Delta Lloyd was still fully focused on that market. A change at some time in the future could not be ruled out, but this would be announced to the shareholders first.

Particularly at Life and Pensions, the business consists partly of the old portfolio and partly of new business. In the past year we achieved a market share of 42% in Pensions. Delta Lloyd expects that many pension funds (there are hundreds of small pension funds) will either be transferred to insurers or join large industry-wide pension funds. If this shift really persists, Delta Lloyd will respond in order to take advantage of this opportunity. Capital is basically the one limiting factor.

Mr **Keyner** (VEB) referred to the question he asked last year about the share price deviating strongly from the net asset value, i.e. from both the shareholders' funds and the embedded value, so basically the value of the insurance portfolio. Evidently, the market had a better idea of Delta Lloyd's true value than the Executive Board, the external auditor and the audit committee. He asked Mr Hoek how he saw this.

Mr **Hoek** replied that the market was always right. Last year the share price was around EUR 10. Twelve months later it was EUR 5 higher. In the meantime Delta Lloyd had also been paying an annual dividend, of EUR 1.03 this year. It was true that the shareholders' funds declined, but Delta Lloyd was now trading at a premium relative to its shareholders' funds, while many of its peers were trading at a large discount. Evidently, the market now understood that Delta Lloyd applied different accounting policies. Mr Hoek went on to say that the decline in the shareholders' funds and the embedded value was caused exclusively by the sharp fall in interest rates. Particularly the Life and Pension Business – accounting for two thirds of Delta Lloyd – was impacted by the low interest rates. This led to lower valuations across the market.

Mr **Vreeken** (WeConnectYou) indicated that it would be quite easy to remedy Delta Lloyd not yet being in the Dow Jones sustainability index. For instance, by using KLM's biofuel flights for its business travel. In addition, the opportunities in China and Brazil should be leveraged. A greener vehicle fleet was another possibility. Finally, in his view one of Delta Lloyd's buildings at the Amstel was very suitable for placing vertical solar panels.

The **chairman** thanked Mr Vreeken warmly for his creative ideas and said his suggestions always gave Delta Lloyd compelling food for thought, particularly when it came to sustainability. The Supervisory Board advises the Executive Board amongst other things on sustainability issues. Sustainability is a subject that can be approached from many perspectives. This is reflected for instance in the report of the Supervisory Board, which gives a more extensive picture of sustainability. The chairman thanked Mr Vreeken once again for his ideas, but indicated that the plenary meeting today was not the most appropriate place for discussing these issues in detail.

Mr **De Vos** asked whether the underwriting agents still existed and, if so, whether they still brought in a lot of money.

Mr **Hoek** replied that the underwriting agents still existed, particularly for general insurance under the Delta Lloyd label. Mr **Medendorp** indicated that the commission arrangements were under pressure and were also under the microscope. The underwriting agents certainly still existed. They still had the same commission arrangement as that of normal intermediaries plus a remuneration for the extra work they performed. This was currently being intensively debated, also within the Association of Insurers. The Netherlands Authority for the Financial Markets (AFM) was also involved, as they too were obviously entitled to have an opinion about this matter. For the time being, so Mr Medendorp asserted, it was safe to assume that the commission arrangements for underwriting agents would continue to exist in some form or other.

Mr **De Vos** asked about the advertising objectives of Delta Lloyd and whether Delta Lloyd would want to sponsor Ajax from next year.

Mr **Hoek** replied that Delta Lloyd already had a substantial shareholding in Ajax and that there were no plans to sponsor Ajax.

Mr **Cook** said he would like to ask a few questions about the core values of Delta Lloyd. He noted that about ten years ago Delta Lloyd decided to expand its operations in Belgium and set up a banking network to sell its insurance products. New agents were recruited for this. When these agents failed to produce the desired result, Delta Lloyd parted ways with them. Some of these agents are currently taking court action against Delta Lloyd. Mr Cook asked how this should be viewed in the light of the core values described in the Annual Report.

The **chairman** replied that the case Mr Cook referred to was currently pending before the court and that he thought it would be unwise to comment on this ahead of the court's decision.

Mr **Cook** said that if this was not the appropriate forum for discussing his question, he would raise the issue in public.

The **chairman** replied that he had tried to explain clearly why he was unwilling to give an answer, the reason being that the matter was currently in the court's hands, and added that what Mr Cook chose to do or not do in public was his own responsibility.

Mr **Cook** said he had another question along similar lines, only this time in relation to the Financial Statements.

The **chairman** answered that the Financial Statements were not being dealt with at this time and would be raised later, at which time Mr Cook could ask his question.

Mr **Keyner** (VEB) said he had expected Delta Lloyd not just to mention customer trust, but to do so very explicitly in its own SWOT analysis of its strengths, weaknesses, opportunities and threats. He referred to Mr Hoek's presentation, which indicated that the customers were so satisfied with the service that Delta Lloyd had become number 1 in the Netherlands. Mr Keyner asked whether the high score had led Delta Lloyd to believe that customer trust was now secure and no longer a major concern. Mr Keyner noted that ING also claimed to be number 1 in the Netherlands. He asked how good Delta Lloyd really was and why its result was different from that of ING. After all, they couldn't both be number 1.

Mr **Medendorp** said he obviously regretted the fact that customers and prospects in the Netherlands did not really have much confidence in life insurers or insurers in general. First he returned to the second part of Mr Keyner's question, namely how can Delta Lloyd and ING both claim to be number 1. Delta Lloyd had already indicated a moment ago that the number 1 position was for its Pensions Business. He said that he did not know what position ING claimed, but that it possibly concerned a different line of business.

Regarding Mr Keyner's second question, Mr Medendorp said that, despite being in the top 5 customer satisfaction ratings in all areas, Delta Lloyd was still not satisfied because customers must be absolutely satisfied about both the quality of service and the products and, hence, about the overall performance. The following issues play a role in this connection. The first is Customer Centricity, a project under the auspices of the AFM, where Delta Lloyd scores far above the market average. The second is the customer satisfaction survey. This showed that customers were relatively satisfied, but Delta Lloyd wanted all its customers to be extremely satisfied. Despite its top 5 scores in all areas, Mr Medendorp still saw room for improvement and everyone was working hard on this. The third aspect concerned the Net Promoter Score (NPS) – i.e. the difference between people who are extremely satisfied and would recommend you to their family and friends and the people who are extremely dissatisfied. All Delta Lloyd labels got better scores on these aspects than in previous years, but they could do even better. Finally, Mr Medendorp said that Delta Lloyd was a little satisfied, but was working hard to get even better.

Mr **Keyner** (VEB) mentioned the criticism levelled in recent years at advisers and intermediaries and wondered what Delta Lloyd had done to make sure that these intermediaries delivered good work.

Mr **Medendorp** replied that in the Netherlands Delta Lloyd is happy with the distribution channels and the insurance intermediaries because people need advice. This could be given by banks or salaried organisations or by intermediaries. Customers often need intermediaries and on average we think intermediaries do a fairly good job. But some, obviously, do not. For years, Delta Lloyd has parted ways with the latter category. As soon as Delta Lloyd notices that things are not going well, it obviously discusses the problem. Moreover, the AFM is also right on top of this issue. The relationship with intermediaries who fail to meet the requirements is discontinued.

Mr **Keyner** (VEB) asked about the opportunities for BeFrank.

Mr **Hoek** replied that BeFrank is a joint venture combining the best of BinckBank and Delta Lloyd. It is a very sophisticated IT-platform and an efficient, low-cost model. Everything is online. It is a 'defined contribution' product. A Premium Pension Institution (PPI) is not permitted to run any insurance risks. Delta Lloyd expects the PPI segment to undergo strong expansion. However, the competition is obviously also active in this field. One good thing is the positive cross-fertilisation with the Delta Lloyd Life business, which is encouraged to work more efficiently. BeFrank is an example of a new business model that we have put in place. Delta Lloyd was the first to launch *banksparen* via the bank, and it was no coincidence that Delta Lloyd was also the first to put the PPI product in the market. It means that we made a radical change of direction and were asking ourselves what a customer would be prepared to pay at maximum for a certain service. We foresee strong growth particularly in the defined contribution market. Many companies are already converting their pension schemes. Mr Medendorp foresaw a large inflow of plan assets into this market. The profit margins will be low, but with high volumes it can still be a potential money-earner.

Mr **Keyner** (VEB) asked Mr Hoek within what time scale he expected this segment to be reported separately in the financial statements of Delta Lloyd.

Mr **Hoek** replied that Delta Lloyd acted as first mover to launch PPI products and that its efforts were often copied. Delta Lloyd therefore chose not to disclose certain issues for the time being. More detailed reporting on this activity was probably to be expected within about three years. Mr Hoek also said that BeFrank was still in the run-up phase, but that things were going well.

Mr **Vreeken** (WeConnectYou) said that the shareholders would appreciate it if people knew how good Delta Lloyd was, because they would then buy more products and profits would rise. Engaging in all sorts of small-scale activities was fine, but if Delta Lloyd really wanted to sell, it should focus on large players like Ajax. He thought that Ajax fitted Delta Lloyd's ambitions better than sailing.

Mr **Hoek** replied that Delta Lloyd was keeping a close eye on costs and that the total sailing sponsorship involved less than EUR 2 million, whereas a full sponsorship of Ajax would cost many times more. Delta Lloyd opted for the combination of social sponsorship and a clean sport that made a good fit with Delta Lloyd.

Ms **Reus** (Dutch Association of Investors for Sustainable Development / VBDO) asked how Delta Lloyd integrated sustainability into its insurance products and mortgage lending. She also asked what concrete sustainability requirements Delta Lloyd set for the financing of new-build projects.

Mr **Verstegen** replied that Delta Lloyd carried out a product approval review for all its products. The products were scanned to make sure they were cost-efficient, useful, safe and understandable for the customer. Underlying all this was the duty of care that Delta Lloyd feels as a company to bring good products onto the market. As an example Mr Verstegen mentioned general insurance for off-shore wind farms. Delta Lloyd ranks among the top 3 offshore wind farm insurers in Europe. In addition, Delta Lloyd was the first insurer in the Netherlands to offer insurance for electric cars. Furthermore, Delta Lloyd insures all sorts of projects in the fields of bio digestion, solar energy and geometric heating. And Delta Lloyd is also exploring the opportunities for handling general insurance claims on a cradle-to-cradle basis.

Mr **Verstegen** said that Delta Lloyd was not keen on aggressive mortgage financing. Delta Lloyd Bank had devised a mortgage product, where the customer pays a lower interest rate if the mortgage loan is lower. We see that as a good example of sustainability.

Regarding the financing of new-build projects, Mr Verstegen said that Delta Lloyd Bank has a fairly simple business model. It attracts savings and then lends these savings in the form of mortgage loans. We do not apply sustainability criteria for home mortgage lending. The Property segment does not engage in financing; it only operates a property portfolio. However, the Property segment does have a specific policy regarding sustainability in the construction industry: it is trying to set up criteria consisting of a mix of a BREEAM model and its own model. In addition, Mr Verstegen noted that Delta Lloyd consistently raised the issue of energy consumption when negotiating rental contract renewals. In this way Delta Lloyd is seeking to make the buildings increasingly sustainable. Regarding Delta Lloyd's accommodation in the Toorop building, Mr Verstegen said that about EUR 4 million was invested in energy consumption reduction measures.

Ms **Reus** (VBDO) asked whether ethical criteria existed for screening customers, so that the product constituted no risk for the customer himself, and how Delta Lloyd deals with this.

Mr **Verstegen** answered that customer screening takes place within Delta Lloyd Bank and Delta Lloyd Asset Management. Delta Lloyd Asset Management also has a sustainability manager. The project he will be leading in 2013 and 2014 involves the determination of a customer acceptance group policy. We may be able to report on this next year.

Ms **Reus** (VBDO) said that, according to the Fair Bank Guide, Delta Lloyd had poor scores on investment decisions. There are no clear criteria for tax evasion and Delta Lloyd fails to request openness from the companies it invests in. She therefore wondered what Delta Lloyd's view was on VBDO's standpoint that the payment of taxes makes an important contribution to society and sustainability.

Mr **Roozen** agreed that taxation was definitely a hot topic these days. The Delta Lloyd Group does not incorporate any off-shore vehicles, and simply pays taxes where its activities are hosted and by no means searches for the limits of the permissible. Delta Lloyd also sees taxation as an important contribution to society. When making investments, Delta Lloyd also makes every effort to get the company's tax record out into the open. This is not always easy, but Delta Lloyd assumes that all companies it invests in adhere to the law. This is an important screening criterion for Delta Lloyd.

Ms **Reus** (VBDO) asked for an explanation of the business screening procedures and the extent to which these companies' compliance with the law is verified.

Mr **Roozen** indicated that a major screening process precedes every investment in a company. Delta Lloyd assumes that the companies it invests in comply with the law, including laws and regulations on the payment of taxation.

Mr **Cook** asked whether the Supervisory Board had a good understanding of the details of the court proceedings in Belgium that he had referred to earlier during this meeting and whether the Supervisory Board held direct consultations with the Belgian regulator about these kinds of issues.

In response to these questions from Mr Cook the **chairman** reiterated that it was unwise to make any public statements about this subject before the court had pronounced its decision. But he did add that the Supervisory Board was involved in all important issues.

Mr **Harmanni** (BSC NJK) asked for the reason why Mr Hoek was satisfied with the defensive property portfolio and how he looked forward to the future in this connection.

Mr **Hoek** said that a major component (just under EUR 1 billion) of Delta Lloyd's property portfolio consists of residential properties in the Netherlands. This is rented housing that has been in Delta Lloyd's possession for a long time, has a high occupancy rate and generates good fixed rental income. These properties are barely affected by the recent developments. Obviously, in this segment too the downward trend of house prices in the Netherlands is not welcome, but the portfolio is robust thanks to the good cash flow.

Mr Hoek also indicated that Delta Lloyd did not borrow any money against property and was not very active in property development. In the office portfolio, vacancies have arisen. This involves particularly the offices vacated by Delta Lloyd following the recent efficiency drive. Delta Lloyd has a good-quality retail portfolio, but the first signs of growing difficulties are becoming visible. Delta Lloyd had been forced to apply write-downs to both its retail portfolio and its office portfolio. Mr Hoek is not pleased with this development, but the performance is reasonable considering the circumstances. The property in Germany consists of a healthy office portfolio. The German market is in better shape than the Dutch market. In Germany we have many tenants with long rental contracts, such as local federal authorities and the public prosecutions department. These are excellent investments. The residential portfolio was successfully sold with a book profit last year.

Adding everything together, Mr Hoek concluded, Delta Lloyd has a substantial property portfolio that needs some attention, notably in the office and retail segments.

Mr **Anink** asked about the Supervisory Board's strategy day and wanted to know what Delta Lloyd intended to invest in to create added value for the future. He also asked about the progress in the contacts between Delta Lloyd and the state companies ASR and REAAL.

The **chairman** said that the Supervisory Board's strategy day was used to home in on the most important themes for the future, devoting specific attention to the threats, opportunities and measures that needed to be taken. All business lines were also reviewed to assess whether they were still viable or whether Delta Lloyd needed to do things differently, and whether the assumptions from the past still made sense or whether changes needed to be made.

Mr **Hoek** answered that Delta Lloyd is one of the large investors in the Dutch economy. It has 5% interests in some sixty companies. The investment funds also have numerous participating interests of 5% or more in Dutch companies. Delta Lloyd provides these companies with capital as well as subordinated loans and senior debt. Not unimportantly, as a major holder of government bonds, Delta Lloyd helps to finance the Dutch government deficit, but we obviously also invest outside the Netherlands and outside Europe. Delta Lloyd's investments are not restricted to the Netherlands or Europe. For instance, we have set up a Delta Lloyd Asia Fund in Asia, which has already invested close to EUR 0.25 billion in the Far East. We have set up a Latin American telecom fund with Cyrte and we have launched an Africa Fund. So Delta Lloyd is also an active investor in these regions. In total Delta Lloyd has invested some EUR 85 billion, which makes us an important long-term investor.

Our business activities are focussed on the Netherlands and Belgium, with a run-off in Germany. In these countries we obviously invest in our business model, which we are constantly seeking to make more efficient. Every year, we spend some EUR 130 million on IT developments and IT for running the business. We engage in the development of all sorts of Life and Pensions products. BeFrank was already mentioned, as was *banksparen* and general insurance in the wind energy sector. There are numerous examples of the ways in which we create added value.

Delta Lloyd is a company that likes to team up with reliable large partners. One example is ABN AMRO Insurance, our exclusive joint venture with ABN AMRO Bank. This joint insurance business is run by Delta Lloyd while using the distribution power and distribution channels of ABN AMRO Bank. Other examples include the BeFrank joint venture with BinckBank and our partnerships in Belgium with Landbouwkrediet and Centea. Developing business together, particularly business that delivers distribution power, is something we enjoy doing.

Delta Lloyd has sufficient distribution power in the Dutch market to operate effectively and under its own steam; no mergers or acquisitions are necessary to be successful. We do look around for opportunities, but always keeping a critical eye on costs and risks. Mr Hoek explained it to the investors as follows: mixing a bucket of clean water and a bucket of dirty water gives you two buckets of dirty water. Delta Lloyd wants to avoid this. In Belgium Delta Lloyd would like more large-scale bank distribution. The partnerships with Landbouwkrediet and Centea constitute the first steps, but we still want to expand our insurance distribution power there. Mr Hoek went on to say that investment funds make up another important business activity of Delta Lloyd. This is an area in which Delta Lloyd has long been active outside the Netherlands and Belgium. The distribution of the Delta Lloyd funds is currently being rolled out over Europe. This is a business that is suitable for venturing further afield in the world without being exposed to major risks.

Ms **Reus** (VBDO) pointed out that Delta Lloyd had realised enormous energy savings and also took part in the carbon disclosure project, which provides more transparency on savings and emissions. She said that Delta Lloyd did not take part in this project last year and asked whether Delta Lloyd was no longer willing to take part and, if so, why not.

Mr **Verstegen** replied that CO_2 emission is an extremely important issue for Delta Lloyd. Delta Lloyd is a signatory of the carbon disclosure project, and discloses virtually all information on CO_2 in its CSR annual report. However, if Delta Lloyd were a member, it would be required to make a second report. So the reason why Delta Lloyd is not a member has a purely administrative background.

Ms **Reus** (VBDO) noted that the Fair Bank Guide showed Delta Lloyd to have a poor track record on investments in animal welfare, nature and health. She asked whether Delta Lloyd was planning to change its policy and reporting, so that better scores could be achieved for this report.

Mr **Verstegen** replied that he was familiar with the report and indicated that Delta Lloyd's view on sustainability differed from the view of Fair Bank Guide. The activities covered by the

Fair Bank Guide had little relevance for our business. Our sustainability policy comprises five priority areas: Customer Centricity, integrity, community engagement, good employment practices and the environment. We have embraced the principles of the United Nations and use its sustainability criteria to test our sustainability policy. We think the UN principles provide a better mirror for judging our actions than the Fair Bank Guide as they are more closely related to our business activities.

Ms **Reus** (VBDO) inquired about the CSR expertise within the current Supervisory Board and wanted to know whether the Supervisory Board could give a clear idea of its CSR engagement and how much time it devotes to this.

The **chairman** replied that the Supervisory Board had a very diverse composition, being drawn from a great many different backgrounds in different industries, different roles and even different nationalities. Each member of the Supervisory Board has expertise in the field in which he or she operates, not only in their professional capacity but also as active members of society. The great diversity of the group is helpful in that each member can contribute towards CSR from his or her own specific perspective. Human resources, good employment practices, corporate governance and risks are all elements that are contained in the backgrounds of the Supervisory Board members, each of whom is involved in CSR issues either in his or her main position or any other roles. The report of the Supervisory Board sets out all the activities that are performed in this connection. An update on Customer Centricity is given at every scheduled meeting of the Supervisory Board. The Supervisory Board plays a role in the product approval process and the product review process. Important new products are always put to the Supervisory Board for its opinion. In short, we play a fully-fledged role in this area.

The chairman continued to observe that Minister Kamp mainly spoke about the legislative aspects of CSR, but that Delta Lloyd and its Supervisory Board were actually keen to give more detailed information in the report of the Supervisory Board about the concrete CSR measures that were taken. He added that he said this with some hesitation, as Delta Lloyd was already the listed company with the most extensive and transparent report of the Supervisory Board. More detailed information would make it even longer. However, if this was in any way useful to society, the Supervisory Board would certainly not fail to do so. He also added that, rather than being an isolated issue, CSR was increasingly permeating the entire organisation at operational, executive and supervisory level. So you could not always say exactly what was and what was not a CSR subject. And for this same reason, he was unable to say exactly how much time each member of the Supervisory Board devoted to CSR. However, he did say that ample time was devoted to CSR.

Ms **Reus** (VBDO) asked what the objective of the Africa Fund was and wanted more information on the type of companies and activities that this fund invests in.

Mr **Hoek** said that the Africa Fund had been set up by Cyrte, a subsidiary of Delta Lloyd, which invests mainly in mobile telecom and media. The fund is aimed at a mix of established and younger companies that are mobile operators in Africa.

The **chairman** observed that there were no further questions about the Annual Report and proceeded to the 2012 Financial Statements.

3. 2012 Financial Statements

This subject consists of three sections: (i) the proposal to adopt the Financial Statements and the treatment of the loss, (ii) the explanation of the policy on reserves and dividends and (iii) the proposal to pay out the dividend from the reserves.

The 2012 Financial Statements were approved by the Supervisory Board on 3 April last. The Financial Statements and the other information can be read from page 179 of the Annual Report. As goes without saying, the Financial Statements were audited. The auditor's report is included on page 386 of the Annual Report. The chairman gave an opportunity to ask questions about the Financial Statements.

Mr **Keyner**: (VEB) asked the auditor via the chairman whether he agreed with Delta Lloyd that its valuation of liabilities and assets was extremely conservative.

The **chairman** noted that normative judgments did not belong to the auditor's task. He believed that Mr Keyner basically wanted to know whether all important issues had been sufficiently addressed and whether good and responsible estimates had been made on all aspects. He then put this question to the auditor.

Mr **Koning** (the auditor) notes that he and his colleagues, among who many specialists, actuaries and valuation specialists, have performed the control over 2012 and he points out that he has been given an exemption in respect of his confidentiality undertaking. In response to the question asked he refers to the Annual Report. The report of the Audit Committee contains an extensive list of the subjects discussed with the management and with the Audit Committee. All these subjects were reported on in the Auditor's Report. This extensive list includes such issues as the development of the Delta Lloyd curve, the yield curve, the operational result, the dividend policy, the solvency position and many other subjects. Mr Koning indicated that these subjects had been properly and amicably discussed and that Ernst & Young was satisfied with the reactions and the management's follow-up actions on these issues. He also referred to the Financial Statements themselves. These contain an extensive section on risk management. This is a transparent section that Ernst & Young looks at critically. Particularly the sensitivities mentioned in this section are extremely important for an organisation like Delta Lloyd, because Delta Lloyd values a very large part of its assets and liabilities at fair value. This means that it is entirely clear and transparent where Delta Lloyd stands. These disclosures are extremely instructive and illuminating.

Mr **Keyner** (VEB) said he had expected a different answer and asked whether Delta Lloyd was really on the safe side of where it should be moving within that bandwidth.

The **chairman** replied that this question was mainly about prudence and that it was up to the Executive Board to answer this. The auditor's job was to say whether the estimates and assumptions made by the Executive Board were reasonable within the context of IFRS. The auditor could say something about that.

Mr **Hoek** said that a marked-to-market balance sheet is strongly impacted by fluctuations in market values. He could not simply confirm Mr Keyner's general conclusion on this point. Particularly in the past period, when interest rates declined to extremely low levels, Delta Lloyd added substantial amounts to the technical provisions in its marked-to-market IFRS accounts. Looking at how the financial analysts write about Delta Lloyd, Mr Hoek said that this was currently leading to a conservative valuation. Things had sometimes been different during the credit crisis, when the shareholders' funds were relatively high. In his opinion insurers – and particularly life and pension insurers that enter into very long-term commitments – are inclined to build in a good deal of prudence. After all, we must still be able to pay the pensions promised to our customers in 30 to 40 years' time. We always try to incorporate sufficient prudence in our technical provisions. Margins are also built into our provisions for general insurance. In short, we exercise the natural prudence that befits an insurer.

Mr **Koning** confirmed that Delta Lloyd adheres to IFRS. Special about IFRS for insurers is that there are several options. Delta Lloyd is unique in that its balance sheet and insurance liabilities are entirely marked to market. Ernst & Young checks whether this is done according to the rules and at the correct interest rates. Expert actuaries are used to ensure this. Towers Watson, an external actuary, double-checks this. Mr Koning confirmed that the approach was in accordance with the applicable accounting rules. However, comparison with practices applied at other players in the Dutch insurance sector is difficult, as these usually work with traditional pricing-based principles, while also applying an extra test known as the liability adequacy test. However, the market parameters used in this liability adequacy test are not very clear. So making comparisons is difficult. Delta Lloyd, by contrast, is entirely clear; what Delta Lloyd does is immediately shown in the balance sheet. It is transparent and it satisfies the IFRS standards.

Mr **Keyner** (VEB), finally, asked the auditor whether the focus for 2013 was different from previous years.

Mr **Koning** replied that Ernst & Young looked explicitly at the development of the run-off business provisions. Last year some business operations were placed in run-off. Ernst & Young will closely watch how this works out, as it is a new situation. So this is one new focus area. Apart from that, many issues that Ernst & Young focused on in 2012 will continue to receive their attention in 2013.

Mr **Cook** asked the auditor what the materiality threshold was; in other words what amount did the auditor consider sufficiently relevant or not relevant to include an item as a contingent liability in the Financial Statements.

Mr **Koning** indicated that Ernst & Young, as the auditor, expressed an opinion on whether the Financial Statements as a whole presented a true and fair view. This meant testing whether there were no material errors in the Financial Statements. There are accountancy standards for determining ‘materiality’ and there is a best practice in the market. In principle, however, Ernst & Young does not disclose its materiality threshold. The reason for this is very simple. Ernst & Young would not like the audited companies to know the exact depth or focus of the audits, as this would eliminate the element of surprise. However, he did confirm to Mr Cook that Ernst & Young adhered to the materiality rules and also monitored market developments in this area.

Mr **Cook** asked whether the auditor knew the total amount of claims lodged against Delta Lloyd in Belgium and whether this amount was or was not material for the Financial Statements.

Mr **Koning** said that Ernst & Young obviously also looked at exposures and claims. This is done in the first instance by the company itself, which assesses current legal proceedings and estimates its chances of winning or losing a case. IFRS prescribes that a provision must be recognised if the estimated risk of losing a case is more than 50%. That is the standard and Delta Lloyd adheres to this standard. Ernst & Young , as the external auditor, sends letters to the external lawyers of Delta Lloyd. This is done for all subsidiaries, including Delta Lloyd in Belgium. The response from the lawyers provides an explanation of the nature and status of ongoing proceedings and, if possible, gives an indication of the possible outcome. Ernst & Young takes this information on board in forming its conclusion.

Mr **Hoek** said that it was perhaps good to report that until yesterday Delta Lloyd Bank formed part of the Delta Lloyd Bankengroep, whose Supervisory Board included three members of the Delta Lloyd Executive Board, including himself. All claims against the bank, including claims from agents, are reported on a case-by-case basis to the Supervisory Board and are also known there. As far as Delta Lloyd is concerned, the claims are not material. Most of the agents' claims were rejected by the court.

Mr **Vreeken** was of the opinion that Mr Koning answered the questions very well and he wants to know whether there is an advantage for Delta Lloyd that Ernst & Young is also the auditor of ING and Aegon and if a better report is the consequence hereof.

The **chairman** answered that this was not a question for the auditor.

Mr **Van den Herik** asked whether the Financial Statements were approved by DNB. He also wanted to know what Delta Lloyd was doing to get the solvency ratio at 2.1 and within what term.

Mr **Roozen** indicated that solvency was a term used by DNB and that the minimum solvency was 100%. Delta Lloyd had 177% solvency at year-end 2012 and 193% at the end of the first quarter. For the group as a whole, the underlying solvency of the underlying insurance entities is under the supervision of DNB. This solvency is much higher, averaging 226%. So this solvency, which DNB watches very closely, is amply sufficient.

The **chairman** noted that there were no further questions and handed over to Mr Visser who proceeded to explain the voting procedure.

Mr **Visser** announced that 102 shareholders were attending today, representing a total of 118,801,826 shares, including over 13 million preference shares A. These 118 million shares make up about 63% of Delta Lloyd's total issued voting capital. Mr Visser said that he had been granted proxies for over 97% of these 118 million shares, i.e. for 115 million shares.

3a. Proposal to adopt the financial statements for the 2012 financial year and the treatment of the loss (voting item)

Mr **Visser** then took the vote on this agenda item. He announced that there were 291 votes against, resulting in the resolution being passed with a 100% majority.

The **chairman** in turn concluded that the meeting had adopted the 2012 Financial Statements.

3b. Explanation of the policy on reserves and dividends

In conformity with the Corporate Governance Code this is included as a separate agenda item and is described on page 384 of the Annual Report. The **chairman** gave an opportunity to ask questions.

Mr **Keyner** (VEB) said that he did not consider it inconceivable that we were heading for another few years of special IFRS-imposed entries, extra liabilities, abnormal curves and so on, leading once more to the threat of a large actual or apparent bottom-line loss, despite an operational result of a few hundred million and the solvency being well under control. He asked whether the current dividend policy would be maintained, despite the possibility of large negative figures at the bottom line.

Mr **Hoek** answered that at the time of the IPO clear criteria were defined for Delta Lloyd's dividend policy and that Delta Lloyd adhered to these criteria. The Group's IGD solvency should be at least 160% to 175%. If the solvency were lower, Delta Lloyd would review its policy.

3c. Proposal to pay a dividend from the reserves (voting item)

The **chairman** then proposed on Delta Lloyd's behalf to make an amount of EUR 180.6 million available as a dividend. This would be charged to the reserves and corresponds with a dividend of EUR 1.03 per ordinary share. After deducting the interim dividend, the final dividend is EUR 0.61 per ordinary share. This could be paid out entirely in cash or entirely in shares. The chairman referred to the explanation which, besides containing further details on this agenda item, also indicated how exactly the value of this payment in shares would be calculated.

Mr **Visser** then took the vote on this proposal. He announced that 763,715 votes were against and that the remainder of the votes was in favour, working out at 99.36% for the proposal and 0.64% against the proposal. The proposal had thus been accepted.

The **chairman** concluded that the payment of the dividend had been adopted.

4. Granting of discharge from liability

4a. Proposal to discharge the members of the Executive Board from liability in respect of their management during the 2012 financial year (voting item).

After establishing that there were no questions, the proposal was put to the vote.

Mr **Visser** announced that the proposal had been adopted with an overwhelming majority of 99.92%, after which the **chairman** concluded that discharge from liability had been granted to the members of the Executive Board.

4b. Proposal to discharge the members of the Supervisory Board from liability in respect of their supervision during the 2012 financial year (voting item).

After establishing that there were no questions, the proposal was put to the vote.

Mr **Visser** announced that the percentages corresponded with those of the previous vote, namely 99.92% in favour, so that this proposal had also been adopted. The **chairman** then concluded that discharge from liability had been granted to the members of the Supervisory Board.

5. Composition of the Supervisory Board

5a. Announcement of the outstanding vacancy

The **chairman** proceeded to the next item on the agenda, the composition of the Supervisory Board. Early in May 2012, Mr Moss stood down as a member of the Supervisory Board. Aviva had sold part of its shares in Delta Lloyd and was therefore only entitled to nominate one member of the Supervisory Board. It was decided at the time not to fill this vacancy and to reduce the Supervisory Board to eight members. The chairman indicated that the Supervisory Board had now been operating in the smaller composition for some time and that this was going well.

Early in 2013, Aviva sold its final interest in Delta Lloyd and thus relinquished its right to nominate a candidate for appointment to the Supervisory Board. This basically meant that Patrick Regan should resign, as he occupied the last Aviva-related seat on the Board. However, the chairman continued, the Supervisory Board was very satisfied with Patrick Regan's contribution and requested him to stay on as an independent member, instead of as an Aviva member. The chairman went on to say that Ms Boumeester had resigned, giving rise to a vacancy in the Supervisory Board. The Works Council did not have a reinforced right of recommendation for this vacancy. The vacancy must be filled according to the profile of the Supervisory Board and the candidate must have certain specific characteristics.

5b. Opportunity for the General Meeting to recommend the appointment of a member to the Supervisory Board

In conformity with the rules, the AGM had an opportunity to recommend candidates for this vacancy. The **chairman** offered the opportunity to recommend candidates.

Mr **Anink** welcomed the reduction in the number of Supervisory Board members. Secondly, he noted that one of Ms Boumeester's strong points was human relations and that this was not reflected in the nomination in the next agenda item.

The **chairman** remarked that it was good that Mr Anink made this comment and that more information than could be derived from the documents would be told shortly. He then proceeded to the next agenda item, the notification of the candidate nominated by the Supervisory Board to fill the vacancy.

5c. Notification of the candidate nominated by the Supervisory Board to fill the vacancy

The Supervisory Board nominated Ms Clara Streit for appointment as a member of the Supervisory Board. The Executive Board and the Works Council supported this nomination. The proposed appointment was subject to the supervisor's approval. The key rationale for the nomination of Ms Streit was that she meets the profile of the Supervisory Board. More specifically, she has knowledge and expertise in the field of human resources, which she acquired within McKinsey & Company, where she worked for many years. Human resources are an extremely complicated issue in a consultancy firm. This was an additional important consideration in nominating her, alongside her expertise in the financial sector. She is also a member of a Swiss Supervisory Board, where she also sits on the Remuneration and Nomination Committee. The intention is that she will also be a member of the Remuneration Committee and the Nomination Committee of Delta Lloyd. Furthermore, the appointment of Ms Streit adds to the diversity, in terms of nationality, age and gender.

The **chairman** asked whether there were any questions about this nomination.

Mr **Keyner** (VEB): Given that Ms Streit is also a member of the Supervisory Board of a Swiss private bank and is involved in that bank's remuneration policy, I wonder to what extent the appointment of Ms Streit might cause Delta Lloyd to move in the direction of a more generous remuneration policy, given her banking background.

The **chairman**: That is a very interesting question, but we are going to discuss it with Ms Streit first. The agenda item under discussion is more narrowly concerned with the nomination of a candidate for the Supervisory Board. However, it is precisely issues like these that make it interesting to have people with very diverse perspectives on the Supervisory Board. So we are also curious to know what she has to tell us about this subject.

The chairman continued by saying that the Supervisory Board was not in any way guided by generalised preconceptions regarding American, German or Swiss practices, but simply looked at what the candidate's own views were regarding subjects at the heart of our business. These subjects had been discussed at length.

Mr **Keyner** (VEB) said that he was pleased to hear that evidently Ms Streit's views on remuneration had already been discussed. Judging from the chairman's words, he did not sense that the way was being paved for an entirely new remuneration philosophy well beyond current practice at Delta Lloyd.

The **chairman** said he had detected no indications in that direction and thought that recruiting people from outside presented an ideal opportunity for the members of the Supervisory Board to think anew about things and see whether existing practices which you always believed to be right might now be ripe for change. This is exactly what makes sitting together in a Supervisory Board with a number of diverse members so rich and rewarding.

5d. Proposal to appoint Ms Clara C. Streit as a member of the Supervisory Board (voting item).

The **chairman**, having noted that there were no further questions, took the vote on agenda item V. Mr **Visser** announced that 99.95% of the votes were in favour of this appointment and 0.05% against, so that the proposal had been adopted.

5e. Announcement of vacancies on the Supervisory Board that will arise in 2014

At the close of next year's Annual General Meeting of Shareholders, Ms Van der Lecq and Messrs Fischer, Haars, Hartman, Regan and the chairman will have reached the end of their current four-year term. Messrs Fischer and Haars will then have served eight years, and Ms Van der Lecq and Messrs Hartman and Regan four years. The chairman will not be available for reappointment. He has been a member of the Supervisory Board of Delta Lloyd for fourteen years, of which about half as chairman. He is already beyond the recommended term of office for Supervisory Board members, so it is time to step down, said the chairman. The other members of the Supervisory Board will indicate soon whether they are available for reappointment. Subsequently, a thorough reappointment procedure will be carried out.

6. Change to the remuneration policy for the members of the Executive Board

The Supervisory Board proposed a change to the remuneration policy for the members of the Executive Board. Detailed information about this can be found in the notes to the agenda. The chairman summarised the information as follows.

Starting from 2013, the Supervisory Board wants to halve the variable remuneration of the Executive Board, because the social unease about bonuses is growing and the government even wants to reduce the variable remuneration to 20%. Delta Lloyd is unwilling to await these events and is now making the first step by halving the bonus.

The chairman indicated that if you as the Supervisory Board wanted to reduce the bonus, you also needed to partly compensate this. Hay Group, an external consultancy specialising in remuneration, was asked to advise on the level of remuneration. They looked at a number of factors, such as the payment in the past years and the experiences elsewhere in the financial sector. The advice of Hay Group for the variable-fixed conversion component is 37%. Just to make sure, another consultancy was asked about their experiences and these were in the same range.

If the shareholders approve, the total remuneration will be some 11% lower than at present. Furthermore, the intention is to ensure that from now on the variable remuneration of the Executive Board is entirely in line with the shareholders' interests. For this reason, the Supervisory Board proposes to pay out the entire variable remuneration in shares and not in cash. The Executive Board would also be required to retain these shares for a number of years. If this proposal is approved, the Executive Board's remuneration would be equivalent to the market average.

The Supervisory Board thought this would give Delta Lloyd a balanced, controlled, transparent and moderate remuneration policy with no perverse incentives for risky behaviour. The chairman indicated that this, in brief, was the proposal and referred for further details to the notes.

Mr **Keyner** (VEB) asked whether this was a forced move or one that was warmly recommended by the Supervisory Board.

The **chairman** said this move was warmly recommended. Times evolve, and your thinking evolves with it. You move along with the developments and trends in society. He said that the Supervisory Board noticed growing unease about the bonuses and that a response was imperative. At the same time, it was important not to overshoot the mark in all sorts of areas. We want to do this in a responsible manner. The government's decision, which must still be approved, to press ahead with the reduction to 20% is not in line with the Supervisory Board's own standpoint, but if it is imposed, then our hand will indeed be forced and we will follow suit. Continuing his answer, the chairman said that the Supervisory Board also wanted a lower variable remuneration, but that a reduction to zero was exaggerated. The essential thing is its belief that the variable remuneration of the Executive Board must be completely in shares to ensure it is entirely in line with the shareholders' interests.

Mr **Keyner** (VEB) asked about the levels below the Executive Board at Delta Lloyd and whether any staff within the Delta Lloyd had highly specialised knowledge and earned significantly more than the members of the Executive Board.

The **chairman** said that the Supervisory Board also looked periodically at the organisation's entire salary structure and confirmed that there were no anomalies in this respect. The change to the remuneration system that was now on the table would apply both to the Executive Board as well as to the managing directors of the divisions and the managers below them.

The **chairman** concluded that there were no further questions and handed over to Mr Kuitems, chairman of the Works Council of Delta Lloyd.

Mr **Kuitems** said this was a special day, a day that saw the company's top management engaging in a dialogue with the shareholders, the stakeholders. As chairman of the Works Council of Delta Lloyd Group he represented the Works Council and, as such, over 5,000 employees of the group, of whom 4,000 in the Netherlands. The proposed remuneration policy had been considered together with the Works Council and a lot of thought had gone into this. The Works Council had invited Mr Kottman to explain the policy and the Works Council had been extensively informed. The Supervisory Board wanted to adjust the remuneration of the Executive Board of Delta Lloyd Group. The Works Council had been informed by the Supervisory Board about the backgrounds and motivation of the proposed adjustment. The proposal to reduce the variable remuneration percentage and pay this out entirely in shares was a good development according to the Works Council. Apart from fitting in with current European and Dutch regulations on remuneration policy, it also anticipated the Dutch government's intention to impose further restrictions on variable remuneration in the financial world. The Works Council saw this as a step in the right direction that would help to improve the image of our sector, also considering that Delta Lloyd has for years pursued a moderate remuneration policy compared to its competitors. For some time now, a broad public and political debate had been conducted about the remuneration of top executives and the financial sector. Also among Delta Lloyd employees. The Works Council therefore welcomed the capping of the variable remuneration for top executives at 50% of the fixed salary and also the proposal to pay this out entirely in shares. Though this led to a reduction of the total remuneration package, the Works Council would have preferred to have seen a lower increase in the fixed salary component. The proposed increase did not feel right in the light of the recently announced moderation of the conditions of employment that was going to affect all employees of Delta Lloyd Group. These developments would widen the fixed remuneration gap between employees of Delta Lloyd and the top. Judging from the many reactions it had received, the Works Council concluded that many employees found this hard to understand and accept. The Works Council was therefore worried that this may undermine the employees' willingness to go along with a moderation of their conditions of employment. The Works Council saw it as its task to make this sense of grievance among its employees known and put it on the table for discussion. Taking all this into consideration, the Works Council was neutral towards the proposed remuneration policy. In other words, neither positive, nor negative. The Works Council took a nuanced approach to this matter.

The **chairman** appreciated the fact that Mr Kuitems had spoken and had communicated the Works Council's standpoint and thanked him for this. He remarked that it was correct to say that Delta Lloyd had pursued a moderate remuneration policy during many years and would continue to do so. The Executive Board, but most certainly also the Supervisory Board, had taken good note of the points he had just raised. The comments of the Works Council would certainly also be taken on board in the internal consultation in the coming period about the conditions of employment for the entire organisation, and not just for the top management. He therefore saw the explanation as an encouragement to engage in constructive dialogue about this matter.

The **chairman** opened the vote after concluding that there were no questions or comments from the shareholders.

Mr **Visser** announced that the change had been passed with 99.83% of the votes, after which the **chairman** adopted the change to the remuneration policy in conformity with the proposal.

7. Amendment of the Articles of Association

The Executive Board proposed, with the approval of the Supervisory Board, to amend the Articles of Association. Various provisions had to be brought into line with statutory changes. In addition, certain provisions relating to Aviva needed to be altered, while certain technical and textual changes were also necessary. The chairman referred to the separate notes to this proposal. It emerged from these notes that the proposal included approval that the deed amending the Articles of Association could be executed by every member of the Executive Board, the secretary to the Executive Board and every employee of Allen & Overy.

After concluding that there were no questions, the proposal was put to the vote.

Mr **Visser** announced that 99.92% of the votes were in favour of the proposal, so that the proposal had been adopted.

8. Renewal of the authority of the Executive Board

8a. Proposal to renew the designation of the Executive Board as the body authorised to issue ordinary shares (voting item)

Mr **Visser** indicated that this proposal, in brief, concerned the renewal of the authority to issue ordinary shares until 18 months after this day. 89.18% of the votes were in favour of the proposal and 10.82% against, so that the resolution was passed.

8b. Proposal to renew the designation of the Executive Board as the authorised body to restrict or exclude pre-emptive rights on the issue of ordinary shares (voting item)

The **chairman** referred to the notes for the details of this proposal. Mr **Visser** then took the vote, and announced that 88.24% of the votes were in favour of the proposal and 11.76% against. This resolution was thus also passed.

9. Purchase of treasury shares

Last year the Annual General Meeting of Shareholders authorised the Executive Board to purchase treasury shares or depositary receipts for these shares up to a maximum of 10% of the issued capital during a period of 18 months. Here too, a renewal of this 18-month period was requested under the same conditions, i.e. including the approval by the Supervisory Board. The vote was taken after it was found that there were no questions about this agenda item.

Mr **Visser** announced that 92.13% of the votes were in favour of the proposal and 7.87% against, so that this resolution had been passed.

10. Any other business and close

The **chairman** called for questions on matters not yet discussed in the other agenda items.

Mr **Keyner** (VEB) said that he was struck by the fact that 11% to 12% voted against the authorisation of the Executive Board to issue ordinary shares was. He asked whether there had been discussions with larger shareholders of Delta Lloyd about this issue.

Mr **Hoek** replied that he did not know which large shareholders had voted against, but added that it had become clear during regular consultations with large shareholders that they expected the company to exercise restraint regarding the issuance of shares in connection with dilution and also in view of the current relatively low market price compared to the embedded value within the company.

The **chairman** noted that there were no further questions and closed this agenda item. He thanked the shareholders for their attendance, input and participation. He indicated that the report on this meeting would be available and posted on the website within no more than three months after the date of the meeting. In the subsequent three months the shareholders would have an opportunity to respond to the report. The report would then be adopted by the chairman and the secretary. The chairman then closed the meeting.