

Minutes AGM 2014

Annual General Meeting of Shareholders



Amsterdam, 22 May 2014

delta lloyd

Thursday 22 May 2014

Start 2pm

Concertgebouw

Concertgebouwplein 10

Amsterdam

I Opening and announcements

The **chairman** welcomed everyone and then announced that he was accompanied on the podium by his colleagues of the Supervisory Board, with the exception of Patrick Regan who was unfortunately unable to attend today's meeting. Also on the podium were all members of the Executive Board, except Onno Verstegen, who had unexpectedly fallen ill the day before the meeting and unfortunately felt too sick to attend. Next, the chairman devoted a few words to the resigned member of the Supervisory Board, Mr Kottman. He said that Mr Kottman had made a major contribution to the realisation of the merger between Delta Lloyd and Nuts Ohra and that the restoration of normal relations with the former British majority shareholder Aviva was perhaps his greatest achievement, followed by Delta Lloyd's IPO in 2009 and, of course, the way in which Delta Lloyd had come through the crisis. The chairman thanked Mr Kottman for the expert, sensible, committed and calm manner in which he had served Delta Lloyd over the past 17 years as a member of the Supervisory Board and the excellent way in which he had fulfilled the role of chairman of the Supervisory Board and chaired these meetings.

The chairman then went on to say that the meeting was announced in a press release on 10 April, that the invitation, the agenda and the accompanying documents for this meeting were published on the same day on the Delta Lloyd website, and that the registration date for the shares was on 24 April 2014. All formal convocation requirements had thus been fulfilled for this meeting, so that this AGM was authorised to pass legally valid resolutions.

II 2013 Annual Report

The **chairman** mentioned the announced early retirement of Mr Hoek by no later than next year around the time of the AGM and said that the Supervisory Board greatly appreciated what Niek Hoek had accomplished as well as the energy, resolve and sense of perspective he had brought to the task of leading Delta Lloyd in the past years. He mentioned that Mr Hoek had served on the Executive Board for 17 years, including 13 years as chairman. In that period Delta Lloyd had evolved from a local subsidiary of a British insurer into a leading, independent insurer with a listing on the AEX and the BEL20: a tremendous achievement that had given Delta Lloyd a robust basis for the future.

After the chairman's introduction Mr **Hoek** indicated that 2013 had been a good year for Delta Lloyd, that the Delta Lloyd ship was now steering a stable course in more favourable winds and that this was reflected in the figures. Briefly summarised: a growing market share with better margins. All divisions were contributing to a positive operational result. Substantial

capital was being generated and Delta Lloyd was on schedule to raise its Group Solvency above 200%.

The operational performance was particularly good in the past year. Solvency grew from 177% to 184%. When France lost its AAA status, the interest rates of AAA-rated European countries declined. That was bad for the solvency and cost Delta Lloyd 19 percentage points. The good news was that this was amply made up by our own capital generation.

Delta Lloyd is the only insurer in Europe that marks its liabilities to market. That can be painful, particularly when interest rates fall, as this means that your liabilities increase and that you need to maintain more capital against these liabilities. On balance, this puts downward pressure on your shareholders' funds. Last year the tide turned, with a 14% increase in shareholders' funds to over EUR 2.6 billion, a rise that was also sustained in the first months of this year. It was an excellent year for Delta Lloyd's business operations: premium income of EUR 4.7 billion with a record level of new business. The operational result rose 6% to EUR 430 million, with contributions from all business units.

The operating results show that the new business volumes at Life were particularly strong and also that the new business margin increased to EUR 77 million, leading to an IRR – Internal Rate of Return – of 10%. Mr Hoek noted that this was Delta Lloyd's best year for new business in a long time.

General insurance achieved a combined ratio of just under 98%, which was slightly less strong than the Life result. Delta Lloyd has shrugged off the problems in the International Marine business. Some damage was sustained in respect of the WGA ER (*Werkhervatting Gedeeltelijk Arbeidsgeschikten – Eigen Risico*) - Commercial own risk insurance for (partial) disability). But in this case too, Delta Lloyd acted incisively. All in all, the adjusted result was reasonable, but Delta Lloyd was still not entirely satisfied.

Mr Hoek noted that five years ago Delta Lloyd's costs ran to EUR 1122 million. Last year these were EUR 350 million lower. Cost discipline was well-embedded in the company and even more ambitious targets had been set for next year, namely about EUR 750 million for 2014 – including the takeover of ZA Verzekeringen in Belgium – and below EUR 720 million in 2015.

Due to the decrease in shareholders' funds, the operational return on equity was now extremely high. Mr Hoek hoped to see the shareholders' funds rising very soon again, in order to bring this number down a little, but noted that 18.6% was a nice figure for operational return on equity.

For the shareholder this meant there were earnings per share. Last year, EPS amounted to EUR 0.88 per share or EUR 168 million net. The operational result amounted to EUR 430 million which, divided by the number of shares, led to just over EUR 2.25. Delta Lloyd's stated intention was to keep the dividend stable at EUR 1.03 and if solvency rose further, opting for stock dividend instead of cash would be made less attractive. Shareholders who opt for a dividend in Delta Lloyd shares currently enjoy a 4% premium. Shareholders' funds amounted to EUR 13.76 and the group embedded value per share was just over EUR 23.

Turning to the strategy, Mr Hoek reported that a consistent strategy was being pursued and that he was confident in saying that this strategy was working. Delta Lloyd was positioning itself as a provider of security. The distribution power was formidable, particularly in the Life and Pension businesses, but also in the General business. The simplification of the IT set-up had led to improvements in terms of processes and quality of service. The strategy structure is stable and can truly be said to be rock-solid.

Shareholders' funds are marked to market. If Delta Lloyd – like most of its competitors – used more traditional accounting principles, shareholders' funds would not be EUR 2.6 billion, but EUR 3.5 billion. Delta Lloyd had a lot of “hard” capital or, as US Treasury Secretary put it, “no bullshit capital”, i.e. hard capital on a genuine marked-to-market balance sheet.

The insurance activities of Delta Lloyd were well above 200% solvency: 213% for the insurance businesses and the largest insurance business Delta Lloyd Life even had 227%. The clear target of 200% group solvency, taking account of the group's debts, would be in our sights at year-end 2014. The bank's capital position had improved: almost 20% BIS in the Netherlands and 14% in Belgium. These were solid capital positions and Delta Lloyd was well on the road to Basel III.

The Standard & Poor's ratings of Delta Lloyd Group were reaffirmed, so Delta Lloyd Life and Delta Lloyd General – the most important operating companies – were rated A-stable. The good news was that Standard & Poor's pointed out in its press release that the capital position was now “strong” instead of “moderately strong” and also that Delta Lloyd's underlying earnings had undergone structural improvement.

Regarding Delta Lloyd's multi-channel distribution power, Mr Hoek said the following. The acquisition of ZA Verzekeringen was a splendid move. ZA Verzekeringen specialised mainly in term life insurance. This acquisition had strengthened our market position in Belgium and gave Delta Lloyd a well-diversified insurance book. There was a lot of long Life risk on the

balance sheet and ZA Verzekeringen added a lot of short Life risk. That was very beneficial from a risk perspective. Despite the commission ban on complex Life products and mortgages it was encouraging to see Delta Lloyd's distribution in such robust shape. In the past year, new annualised premium ran to EUR 431 million. In the third quarter Delta Lloyd had a share of 56% in the group pension market. The Q4 figures which climbed closer to 70% were even better. The bad news however was that these figures were not sustainable. The competitors were on the way back, but Delta Lloyd was very competitive.

General kept its premiums stable at EUR 1.4 billion, despite parting ways with a number of businesses. Delta Lloyd's new Mortgage proposition was clearly proving popular and had generated EUR 1.3 billion of new business. The asset management arm was also enjoying brisk business, attracting over EUR 0.75 billion of new funds.

The profitability of General and the Bank was improving. The Bank had higher interest margins and lower costs. However, particularly the bank in the Netherlands still had a long way to go. In Belgium it had been announced that the Retail bank did not fit Delta Lloyd's longer-term strategy so that the process to sell these banking activities had been started up.

The small non-performing General activities in Belgium were sold to Fidea. Delta Lloyd was a trendsetter, notably by offering more competitive rates for mortgages with a lower loan-to-value ratio. This was now being broadly adopted in the market, so Delta Lloyd could clearly claim the credit for pioneering this strategy.

On the investment side, the equity position had been reduced from EUR 4.3 billion to EUR 3.5 billion. The new Solvency II regime was particularly harsh on equities positions as it was a requirement to hold a substantial amount of capital against these positions. A shift has started towards mortgages, which definitely yielded attractive margins in the past year with a relatively low risk profile and low capital charges.

The bond portfolio gave an excellent performance, very good in credits, very good in terms of maturity. With interest rates now falling, it was good that Delta Lloyd had invested in very long maturities. Less good, however, was our conservative approach to South Europe, particularly Spain and Italy, where interest rates had fallen considerably. However, Delta Lloyd also suffered less when interest rates increased there; you can't have it all.

The Property portfolio amounted to EUR 2.7 billion. The residential portfolio was doing excellently: a high occupancy rate and good rents. Conditions in the office segment were difficult. Sadly enough, by implementing efficiency improvements Delta Lloyd itself has also freed up a great deal of office space, but was struggling to rent this space out to third parties.

So our office vacancy rate was fairly high, though the office portfolio in itself was fairly small. The retail portfolio was also doing less well.

The benchmarks showed that equities had lagged somewhat. The portfolio sustained a few individual “hits”, where the figures turned out to be less good than reported, one example being Imtech. In the meantime there had been several interest rate increases, but if you invested in long maturities, these also slightly dampened your return, so Mr Hoek indicated. Property did better than the benchmark but the performance was still not that great, except for Residential.

For the shareholders, the liabilities are calculated according to the collateralised AAA curve. This was around 2.5% in the past year, 2.44% at the 10-year point to be exact. The investments – the bonds, rental income and dividends – yielded 3.75%. Delta Lloyd now generated a higher month-on-month yield than was necessary to keep up with the liabilities. This meant that Delta Lloyd was structurally growing its capital position. That was the upside of a realistic marked-to-market approach.

Delta Lloyd remained number 1 in Pensions, not just in terms of sales but also in terms of service delivery. The business volume was high, but the people of Delta Lloyd Life also managed to maintain high service levels. The overall customer satisfaction score for OHRA, Delta Lloyd and ABN AMRO Insurance worked out at 8-

A substantial number of shareholders took a great interest in sustainability. Delta Lloyd now satisfied all conditions for inclusion in the Dow Jones Sustainability Index Europe and World, but had not yet managed to achieve a sufficiently high score to dislodge one of the current companies on the index and take its place. Mr Hoek said that the market cap had thwarted Delta Lloyd a year earlier. The market cap had increased strongly in the past years, so this was no longer a problem. But Delta Lloyd had not yet been admitted to the index (despite qualifying for inclusion) because it had just failed to achieve the threshold for replacing incumbent members. The underlying progress on sustainability was good. Delta Lloyd participated in the worldwide Sustainalytics benchmark for insurance companies, where it came joint second with Storebrand. Delta Lloyd’s sustainability performance was already at a fairly good level, but it still wanted to become much better. At the request of the Ministers of Finance and Economic Affairs, Delta Lloyd had looked at SME loans and funding was made available – Mr Hoek was closely involved in this – from the insurance sector to provide easier access to SME funding and particularly smaller SME loans, naturally also keeping the shareholders’ interests in mind.

Mr Hoek said that Customer Satisfaction was making good progress. The quality mark was retained for all labels and the lead over competitors was consolidated. However, the entire sector was getting its act together, so Delta Lloyd needed to do even more to stay ahead.

Regarding IT, Mr Hoek indicated that this used to be Delta Lloyd's Achilles heel, but had now become its strength. Good IT and good IT systems had led to better service levels, which were translating into stronger sales. This made it easier for account management of Delta Lloyd to maintain good relationships.

Mr Hoek then briefly summarised his story as follows: a growing market share, particularly in Pensions. As noted, Delta Lloyd would be unable to retain this high level, but things were going well. Improved customer satisfaction, lower costs and an increasing, mainly technical, result in the Insurance business.

Mr Hoek then gave a brief update on 2014. The basic message was that the trend was being sustained: lots of new business with even higher margins, particularly in terms of embedded value (New Business Margin). The margin on embedded value was 2.3% in Q1. As no large pension single premiums had been concluded so far, the premium income had fallen slightly. But that was not a concern for Delta Lloyd, as this would pick up again. Compared to last year's already good performance, there had been a further 16% rise in our new business as expressed in an annual premium of EUR 103 million in total.

The Mortgage business had already placed just under EUR 400 million in the market and the shareholders' funds had increased further to EUR 2.9 billion or even – based on traditional principles – EUR 3.8 billion.

The embedded value – according to Mr Hoek the best approximation to the group's value – of our Life and Pension businesses was EUR 4.5 billion. The other businesses of Delta Lloyd were included on a shareholders' funds basis. There was a lot of value in the group. The International Marine chapter had been definitely closed, now that the final piece of risk had been reinsured. Solvency continued to rise to 189%. If Delta Lloyd kept this up for a few more quarters, 200% solvency should be within reach at the end of the year. Mr Hoek added that he obviously could not promise anything as forward-looking statements were not permitted, but thought that things were not looking bad.

All things considered, Mr Hoek concluded that Delta Lloyd was market leader in new Life business and customer satisfaction. Delta Lloyd's operations were doing well, which would ultimately translate into a competitive advantage. The presence of a strong distribution model in the Netherlands and an expanding distribution model in Belgium was also helpful. Delta

Lloyd's capital and risk management was and is fit for purpose. Mr Hoek then gave the shareholders an opportunity to ask questions.

Mr **Rienks** was keen to hear a more detailed explanation of why Delta Lloyd wanted to sell its bank in Belgium. He also wanted to know the reasons for the separation from Cyrte and the division of assets between Delta Lloyd and Mr Botman. Finally, he asked Mr Hoek what volume of savings he was prepared to lose and whether, for instance, mortgage rates could be raised a little at the expense of slightly lower new mortgage sales.

Regarding the bank in Belgium Mr **Hoek** replied that this was a retail and more upmarket-oriented preferred private bank with a branch network and an agency network. But the bank lacked the scale required to systematically generate a good return on capital. Though it was a good bank and in good shape, Delta Lloyd thought it could generate more value in the hands of competitors who engaged in large-scale preferred private and retail banking activities than in the hands of Delta Lloyd. Delta Lloyd's scale was mainly concentrated in its insurance business. One important factor was that the bank had distribution capacity in Belgium for Delta Lloyd's insurance and asset management products. The intention was to sell the bank, but with a distribution arrangement.

Mr Hoek said the following regarding Mr Rienks's second question about asset management and Cyrte. The Cyrte company was 85%-owned by Delta Lloyd and 15%-owned by Mr Botman. The listed investment funds had gone to Delta Lloyd and the private equity investments had gone to Mr Botman. Whether Mr Botman had benefited more than Delta Lloyd depended on how you looked at it. Delta Lloyd was the large investor in, for instance, bol.com, which was sold at an enormous profit to Ahold. Mr Hoek also reminded the meeting of the success in the Brazilian telecom sector, where Delta Lloyd achieved good returns. Some ventures were less successful, but on the whole the investments were good. It had been a good investment and Mr Hoek thought that the asset division was more than balanced. It was good for Delta Lloyd and also good for Mr Botman, who was now freer to steer his own course in the private equity sphere.

As for the volume of savings that Delta Lloyd was prepared to lose, Mr Hoek replied that Delta Lloyd's total balance sheet was large, with assets running to almost EUR 78 billion, of which almost EUR 50 billion were own risk assets. Losing a few per cent on a relatively small savings portfolio was not really an issue for Delta Lloyd. Delta Lloyd received billions in annual premiums every year. The important thing was to ensure that Delta Lloyd did not make a loss on any of the funds it received. The first months of this year brought a stabilisation in savings.

If you were to charge more interest for mortgages, you would soon see a drop in mortgage sales, which is not what we wanted now that mortgages made such a good fit with the balance sheets of the various operating companies of Delta Lloyd. Mr Hoek assured Mr Rienks that a great deal of careful thought and debate was devoted to this subject within Delta Lloyd.

In reply to Mr Rienks's third question, Mr Hoek said that savings rates were a complex subject. Delta Lloyd believed that rates in the savings market had been far too high in the past year. Providers were now cutting their savings rates to more reasonable levels, so that Delta Lloyd's rates were now placed higher on the list relative to some competitors.

Mr **Van der Helm** (VBDO) pointed out that no mention had been made of Delta Lloyd receiving the Sustainability Award Bronze Class from RobecoSAM or of the substantial increase in the amount of responsibly managed assets. Based on this evidence he was inclined to conclude that Delta Lloyd was on the right track. He added, however, that certain other benchmark scores did not bear this out. In the Fair Insurance Guide and the Fair Banking Guide, for instance, Delta Lloyd scored much lower than other banks, notably on transparency. The VBDO had its own benchmark for sustainable investments for insurers. Based on a strict and matter-of-fact analysis of the process, this showed that Delta Lloyd had not only deteriorated this year, but was also losing touch with the leaders. In this light VBDO was reconsidering whether it should stick with Delta Lloyd as its pension provider.

Mr Van der Helm had noticed that Delta Lloyd made use of scenario-risk analyses. One of the scenarios – Global Market Places – contained something about the risk of widening income inequality. Other examples of risks were food scarcity and growing environmental damage. He asked about Delta Lloyd's role in these developments. He also wanted to know what Delta Lloyd's concrete plans and concrete objectives were within the CSR Netherlands project.

Mr Van der Helm went on to mention the ESG – environment, social and governance – objectives and said that these were integrated into the overall investment policy. He wanted to know how this was done and, more specifically, how the Responsibly Managed Assets category was defined and what the long-term objectives were for these assets in, say, 2020.

Mr Van der Helm had understood that 200 complaints had been received in response to Delta Lloyd's poor score in the Fair Banking Guide and Fair Insurance Guide and that Delta Lloyd was going to adjust certain aspects of its responsible investment guidelines. He asked what concrete measures had been or were going to be taken in this respect. He also asked

for a commitment that the social criteria would be developed and taken on board in the voting policy.

Mr **Hoek** said that it was a pity that Mr Verstegen who was an expert in sustainability was not present. He assured VBDO that it could leave its pension with Delta Lloyd with a safe conscience, as major steps forward had been taken regarding the sustainability policy. Mr Hoek observed that the Fair Banking Guide focuses on specific themes. The Fair Banking Guide had insisted that Delta Lloyd Bank should develop policies for every conceivable field, even areas in which Delta Lloyd was not active. After Delta Lloyd had indicated that this hardly made sense, the compilers of the Fair Banking Guide had stated in their Guide that Delta Lloyd did nothing about these specific areas. The same problem occurred with the soon-to-be-published Fair Insurance Guide. Delta Lloyd was currently in talks with the Fair Banking Guide and the Fair Insurance Guide to resolve this issue. There was obviously an inconsistency between Delta Lloyd coming joint first/second in this field and scoring poorly in the Fair Banking and Insurance Guides. The Executive Board had decided that Delta Lloyd would draw up a long-term sustainability agenda and that this would be fully developed across all aspects of its business in the coming years. It was indeed the case that the negative reporting of the Fair Banking Guide had given rise to 200 complaints. All of these received appropriate replies.

It was also correct that one of the scenarios – Global Market Place – mentioned food scarcity and environmental damage. Delta Lloyd would try to find out how it could respond to these challenges in its policies.

Regarding the poverty reduction ambitions of the SME organisation MVO Nederland, Delta Lloyd had been deliberating for years on the extra efforts it could undertake for the benefit of society in the Netherlands as well as in Belgium. Delta Lloyd's first priority must be to do its own work well. Good work in the fields of Life, Pensions, General and Healthcare made an enormous positive contribution to the well-being of society. Besides this, Delta Lloyd wanted to do something extra for vulnerable groups in difficult financial circumstances. Delta Lloyd had adopted a structural approach towards promoting 'financial self-reliance'. Numerous initiatives were being taken to help vulnerable groups in Dutch society become financially self-reliant with the assistance of Delta Lloyd's own people. Delta Lloyd also wanted to help fight poverty. Next year, a plan was to be published outlining how the Dutch business community could assist the efforts to fight poverty in the Netherlands. Delta Lloyd employees were closely involved in the development of this plan. Finally, we played an active part in the social dialogue with people who genuinely understand how to tackle this problem across all areas of the social agenda.

Mr **Van der Helm** (VBDO) asked whether he was right in assuming that the long-term objectives for the environment and food scarcity would also be published and discussed with the stakeholders.

Mr **Hoek** replied that Delta Lloyd had already embarked on the social dialogue in three areas last year, and that the scope of the debate would be widened. He also said that he did not yet want to disclose too much about what Delta Lloyd would publish on this subject, but that the poverty reduction action plan, for instance, would be made public.

Delta Lloyd had already done a great deal in the field of responsible assets. The sustainably managed assets had grown from EUR 563 million to EUR 646 million. The total amount of responsibly invested assets had risen to EUR 48 billion.

Delta Lloyd had excluded about 80 to 100 listed and unlisted companies from investments. These were mentioned on its exclusion list. The controversial weapons policy had been expanded with nuclear weapons. Delta Lloyd no longer invested in companies involved in the production of nuclear weapons.

Delta Lloyd was aiming to be a leader in sustainable investments. Here too, a long-term structured approach had been adopted. Our first step was to ensure that the minimum required measures were in place.

In response to Mr Van der Helm's question about human rights, Mr Hoek said that this would also be taken on board in the long-term approach. Delta Lloyd already did this for the large companies that it monitored and where it thought it had a real impact.

Mr **Vreeken** (WeConnectYou) said that AEGON was in second place within the SAM but that he had been unable to find Delta Lloyd within SAM. He suggested that the management should start driving Tesla cars. He asked whether Delta Lloyd could install solar panels on its buildings.

Mr **Hoek** said that Delta Lloyd did not yet feature on the lists of the Dow Jones Sustainability Index and could therefore not yet claim a place in the SAM index. However, Delta Lloyd had been awarded the Bronze Class. So Delta Lloyd was already eligible, but had to perform a lot better than parties that are already on the index before it could oust them and take their place.

Mr Hoek noted that he drove a fuel-efficient Mercedes S Class, but that it was up to his successor to consider opting for that environmentally-friendly car. He added that Delta Lloyd was a major investor in Tesla. As for solar panels, Mr Hoek indicated that solar panels were already installed on the roof of Delta Lloyd's head office in Amsterdam. Delta Lloyd Property

had been asked to explore how sustainability and energy consumption could be improved in all of Delta Lloyd's investment buildings.

Mr **Vreeken** (WeConnectYou) thought that Delta Lloyd could improve its branding and said that the communication efforts needed to be stepped up and that more money should be put into advertising as Delta Lloyd had much greater growth potential.

Mr **Smit** (VEB) said he was the representative of the Dutch Investors' Association (VEB) at The Hague as well as of a number of shareholders and investors via ABN AMRO and Rabobank. Delta Lloyd had indicated that it was going to resume its investments in SMEs via the NII, the Netherlands Institute for Investors. He understood that this was a partnership between pension funds and a number of insurers and wondered how this partnership was structured and what risks Delta Lloyd was taking in this respect. Was Delta Lloyd investing money directly in this initiative or was it acting more as an intermediary?

Mr Smit went on to say that various sources had suggested that Mr Hoek had clashed with the supervisor over Delta Lloyd's investment policy and that this was one of the reasons for his departure as CEO. He asked for more information on the rules restricting investments in risky assets. Finally, he wanted to know how the relatively new division BeFrank was doing and whether there was any question of cannibalism in respect of Delta Lloyd's other products.

Mr **Hoek** said that Delta Lloyd had studied whether insurers could play a role in SME funding and had taken stock of the problems. The report could be found on the website. Two initiatives had been developed. The lower end of the SME sector was characterised by very small SME loans which, though important to the SMEs in question, were basically too expensive for banks and insurers to process. To get round this problem, an organisation called Qredits had been created. Funding had been made available for this on behalf of insurers in the Netherlands.

The option of providing funding for SMEs via specialised boutiques was also explored, but with this alternative insurers encountered the same problems as the major banks. The sector had committed to making some EUR 270 million available to the SME sector and an arrangement was finally made with a major bank to provide funding.

Regarding the investment policy, Mr Hoek made the following comments. Riskier investments gave rise to a tension between risk and return. In the past years, the supervisor had tended to focus more on the short-term risk, while the biggest risk for companies like Delta Lloyd was the failure to generate a return in the long term. So there was tension there. In Mr Hoek's opinion, the investment policy for an insurer must, above all, be based on a

long-term risk/return assessment and that, though it was important to have a good capital position, this should not be entirely dominated by short-term capital elements. Mr Hoek added that this had nothing to do with his departure.

Regarding the new investment rules, he observed that in the final analysis it was all about generating a long-term return with a diversified portfolio and an acceptable downward risk. The new Solvency II capital system branded certain asset classes as very risky and these were therefore subject to very high capital charges. This mainly concerned private equity investments in shares, for which a disproportionately large amount of capital must be held. There were other asset classes, such as government bonds, for which you were required to hold little or no capital. The upshot was that the applied risk models more or less drove the sector into investments in lower-risk, lower-return government bonds. For instance, the interest rate was just above 1.5% for Dutch government bonds and just below 1.5% for Germany. That was very little to keep pace with the liabilities. Delta Lloyd was now raising its capital position to a level that allowed it to continue implementing an optimal investment policy.

BeFrank and cannibalism: the risk existed in theory, but Delta Lloyd's market share in that part of the defined contribution market was relatively small. The cannibalism risk concerned a few percentages at most, and even then the question remained whether Delta Lloyd actually lost business if it went to BeFrank. And it was equally possible that Delta Lloyd might have lost this market share anyway. Cannibalism by BeFrank was not significant.

Mr **Dekker** referred to Solvency II and asked about the current situation in this connection. He also asked whether Delta Lloyd still had specific targets for the mortgage market in the Netherlands.

Mr **Roozen** replied that the insurers still lived in a Solvency I world. Solvency II would take effect on 1 January 2016 if it were adopted by the European Parliament and if everything went according to plan. The framework had not yet been entirely finalised. Question marks still existed about the method used to measure the liabilities. Technical requirements such as 'matching adjustments' and 'volatility adjustments' made it more difficult to measure the liabilities.

Regarding mortgages Mr Roozen said that insurers were increasingly providing mortgages because these were generally long-term products that made a very good fit with the long-term liabilities of a pension insurer.

Mr **Dekker** asked if Delta Lloyd expected to continue growing its market share in the Dutch mortgage segment or whether it saw limits to its growth. He wanted to know the target for the mortgage market for 2016, for instance.

Mr **Hoek** said that Delta Lloyd had no target for a share in the mortgage market. There were two possibilities within Delta Lloyd, either placement on its own balance sheet or financing and securitisation through Amstelhuys. The margins on mortgages were attractive in the past period, which was why a substantial proportion of the mortgages were placed on our own balance sheet. The Life business in particular currently held over 20% of its assets in mortgages. Delta Lloyd did not want to continue this practice endlessly, as diversification was more sensible. Delta Lloyd had no absolute target for the market share.

Mr **Van der Helm** (VBDO) asked to what extent Delta Lloyd took account of the stranded assets and the carbon bubble. He wanted to know the percentage of fossil fuels versus renewable energy and whether there were long-term objectives at this level.

He also mentioned the country-by-country tax reports that banks were required to provide under the Capital Requirements Directive. He asked whether Delta Lloyd also came under this requirement. He said that VBDO had produced a publication together with a large accountancy firm to provide an example of good tax governance principles. He wanted to know whether Delta Lloyd was prepared to take cognisance of this document and would be willing to endorse these principles.

Mr **Hoek** replied that Delta Lloyd had looked extensively at tax in the past year. Delta Lloyd paid tax in the countries where it operated. It made no use of offshore tax vehicles and an assessment had been made of the amount of tax paid in the Netherlands in respect of all activities that Delta Lloyd was involved in. All in all, the tax paid in the past year amounted to more than EUR 900 million. This was based on a format which Delta Lloyd had considered publishing, but this had not yet been done. Delta Lloyd's tax governance was at a very advanced level.

Regarding the carbon policy Mr Hoek said that the score was poor, also in the Fair Banking Guide. A CO₂ reduction policy did exist. There was still no policy for coal-fired power stations, nuclear energy and greenhouse gas emission reductions, but this would be taken in hand.

The priorities in the investment policy concerned the drafting of a country policy, the adoption of more stringent exclusion criteria and property investments. Further steps still needed to be made.

Mr **Van der Helm** (VBDO) asked to what extent the possible overvaluation of stocks was taken into account with regard to the investments in the fossil fuels sector.

Mr **Hoek** replied that the investors of Delta Lloyd took this into account and that the market also made its own estimates in this respect. So this factor was definitely taken on board, though no doubt further in-depth analysis would be carried out in the future.

Finally, Mr **Van der Helm** (VBDO) asked whether Delta Lloyd was prepared to look at and form a reaction to the good tax governance principles.

The **chairman** replied that he would gladly accept a copy to take cognisance of the document.

Mr **Cook** asked whether the company was talking with head-hunters about filling Mr Hoek's position as there was no suitable internal candidate for this position. He also asked what the word 'several' meant as used in the Annual Report.

The **chairman** replied that the search for a suitable candidate to succeed Mr Hoek would take place both internally and externally.

Mr **Roosen's** reply to Mr Cook's second question was that 'several' meant more than two.

Mr **Rienks** asked whether the cost savings might jeopardise customer satisfaction. Regarding disability insurance, he said that the government had decided in 2006 that a company could opt to bear the employee disability risk itself and could partly or wholly reinsure this risk in the private market. It was now clear, so Mr Rienks continued, that the premium charged by insurers to cover this risk was far too low. Mr Rienks added that the government also charged a premium via the UWV benefits agency and was thus effectively competing with the insurers. He wanted to know how Delta Lloyd was dealing with this problem.

Mr **Hoek** indicated that the cost savings had no adverse effect on customer satisfaction at Delta Lloyd. On the contrary, all labels had improved their customer satisfaction ratings in the past years. Legacy replacement would generate further major savings for Delta Lloyd now that the more complex systems were being taken in hand. Additional cost savings would also be realised with straight-through processing, where customers enter their own data without intervention of Delta Lloyd staff, and digitisation.

Expanding on Mr Hoek's answer Mr **Medendorp** underlined that continuous improvements in customer satisfaction were a matter of great importance to Delta Lloyd. Three aspects were measured in the Customer Centricity project. First of all, there was the external score which

was measured by the AFM. Delta Lloyd had the best external score of the participating insurers. Second, the customer satisfaction was measured. The scores here were also high, varying between 7.4 and 8 for Delta Lloyd. The third measurement concerned the Net Promotor Score (NPS), which looked at whether people would recommend Delta Lloyd. Various aspects were combined in a formula, resulting in the Net Promotor Score. The NPS had been consistently low over a period of many years for most insurance companies, but Delta Lloyd's NPS was fairly high. All Delta Lloyd brands achieved positive scores and the scores were still rising.

Mr **Hoek** answered Mr Rienks's question about the WGA ER (*Werkhervatting Gedeeltelijk Arbeidsgeschikten – Eigen Risico*) - Commercial own risk insurance for (partial) disability). He indicated that the number of WGA-ER claimants had been underestimated across the market. Due to rising unemployment, more and more people were claiming WGA-ER disability benefits. So the inflow of claimants was higher than expected. Outflow of claimants could be due to people recovering from illness or disability, but also due to people being declared permanently unfit for work. The latter group was then transferred to the IVA scheme, which covered people who were fully occupationally disabled. The premiums set by the insurers were too low from the beginning. Insurers were required to maintain capital for the risk they run. If insurers were to increase their premiums, the 'good' risks might go back to the UWV benefits agency which would charge an average premium for the sector (based on the apportionment system), while the insurers would be left with the 'run-off risk'. A further problem was that parliament had decided that all flexible workers had to be covered under this scheme with effect from 2016. This group was even more vulnerable, particularly when they were unemployed. It was therefore impossible to extricate ourselves from this problem by charging higher premiums. The best solution for Delta Lloyd was therefore to exit this market.

Mr **Cook** noted that the word 'several' was used in the Annual Report in relation to litigation. He said that 'several' suggested that there were only a few cases. He added that to his knowledge about 40 cases had been brought against Delta Lloyd in Belgium. According to his information, about fifteen cases had been initiated against Delta Lloyd concerning the cancellation of bank agency agreements. These cases centred on the level of compensation and the legal validity of the contract cancellations. Mr Cook said that, contrary to what the word 'several' suggested, Delta Lloyd's bank in Belgium had initiated more than 30 cases against agents. He was interested to know how this could be reconciled with e.g. principles of compliance, good citizenship and core values.

Mr **Hoek** answered that a number of court cases with agents had taken place, as was indicated last year. This had to do with the termination of a number of agencies. The overwhelming majority of these cases were settled in the bank's favour. It was a structural choice on the part of the bank and the bank's board, with the approval of the Executive Board, to raise the bar for the agents they wanted to do business with. This had indeed led to disputes, which were being settled through the proper channels.

Mr **Cook** felt that the word 'several', as used in the annual report, failed to reflect the actual number of 50 to 100 court cases. He noted that many of these court cases had been won by Delta Lloyd on technical grounds. In his opinion, Delta Lloyd had disregarded the compliance obligations applicable in Belgium, while the Annual Report claimed that Delta Lloyd wanted to act within the spirit of the law, and not just the letter of the law.

The **chairman** noted that Mr Cook was reconstructing a legal conflict and that in his view this was not a matter to discuss in a shareholders' meeting. Mr Cook was not speaking about the governance of Delta Lloyd in general, but about a specific legal case. He assured Mr Cook that these cases in Belgium had the Executive Board's full attention, that communication had taken place with the Supervisory Board about this matter and that every effort was being made to handle this as carefully as possible.

Mr **Cook** believed that shareholders should be kept informed of these court proceedings and their progress. He said it would result in compliance procedures, both at DNB and the National Bank of Belgium.

Mr **Hoek** replied that he could not discuss ongoing court cases in detail, but that he had the following to say about governance. Delta Lloyd Bank had a Supervisory Board. Each individual case involving a conflict between the bank and an agent had been discussed here and assessed on its merits. The Supervisory Board knew exactly what was happening and what had happened. Mr Cook knew the verdict in the specific case he was referring to, and was free to take legal steps if he so wished.

Mr **Dekker** wanted to know why Delta Lloyd had opted for the marked-to-market valuation method.

Mr **Rozen** replied that Delta Lloyd was, above all, a life and pension insurer that entered into long-term liabilities. Market value was the only correct method for measuring these liabilities. The good news was that according to the latest insights the market would change over entirely to the Delta Lloyd system in 2018 – 2019. This would be a long and difficult road for other insurers, as they would feel the pain in the valuation of their liabilities. In general, their liabilities currently had lower valuations, so their shareholders' funds would decrease.

All this concerned IFRS accounting rules which are expected to change in 2018 and 2019. Delta Lloyd had no intention of changing over, because it believed that this is the correct system.

Mr **Dekker** had several questions about life insurance and liabilities in the long term. He also asked how exactly customer satisfaction was measured.

Mr **Rozen** replied in relation to the 'longevity problem' that the best possible actuarial estimates were made and that people were steadily growing older. This was also included in the projections and in the valuation of our liabilities and entailed that more money needed to be put aside, as the payments needed to be made over a longer period.

Mr **Medendorp** replied in relation to customer satisfaction that this was difficult to measure. In some cases the customer was asked to give a rating, but there were also other instruments. Regular customer panels were held to ask people how they thought about Delta Lloyd. So it was not just a numerical exercise, the aim was also to find out how customers genuinely felt about Delta Lloyd.

III Implementation of the remuneration policy in 2013

The **chairman** noted that the implementation of the remuneration policy was on the AGM agenda for the first time and that the reason was to clarify this policy. The remuneration policy was set out in the annual report and a separate remuneration report, which could be found on the website, had been published. This contained a clear section on benchmarking: the remuneration policy must be in line with what was paid elsewhere in the market and in no case may it exceed the market norm. The performance criteria must be related to the strategy or to operational objectives. Delta Lloyd also applied these internally. Last year the shareholders approved the reduction of the variable remuneration from 100% to 50% and, in the event of a clear outperformance, from 150% to 75%. Another special feature was that this variable remuneration was paid out entirely in shares. The paid-out shares were subject to a long lock-up period during which the directors must retain their shares. In addition, the Supervisory Board took care to ensure that the rest of the remuneration structure and policy were in accordance with the remuneration policy for the Executive Board. The remunerations for the members of the Supervisory Board were unchanged and would remain so for the time being.

Mr **Van der Helm** (VBDO) asked the chairman to briefly indicate the criteria for determining the variable remuneration. He was particularly interested to know whether these included long-term criteria and non-financial criteria and, if so, what were these criteria.

The **chairman** replied that 85% of the criteria for the Executive Board consisted of Group objectives and 15% of individual targets. Most of the 85% Group objectives were financial targets. These targets were largely derived from Delta Lloyd's strategy. There were also non-financial targets, such as Customer Centricity, employee motivation and policy compliance.

Mr **Van der Helm** (VBDO) wanted to know why sustainability was not one of the criteria.

The **chairman** said he interpreted this as a suggestion to the Supervisory Board to give close consideration to this possibility.

Mr **Smit** (Hilversum/VEB) noted that some political voices were advocating a reduction of the variable remuneration to 20%. He added that the departing chairman of the Executive Board was receiving EUR 800,000 as compensation for his pension accrual shortfall, but wondered whether a departure incentive wouldn't be a more appropriate term.

The **chairman** replied that Delta Lloyd was not happy with the 20% cap that was coming its way and did not think this was beneficial for the strength of the financial sector. It meant that the base salary would become a progressively larger component thus reducing the scope to let the remuneration 'breathe with' the economic ups and downs, regardless of the fact that a variable remuneration system – if properly applied – could most definitely have positive effects. He also indicated that the amount to be paid out to Mr Hoek was not regarded as a departure incentive. Niek Hoek had been a member and subsequently the chairman of the Executive Board for a very long time. His pension schemes and the departure arrangements were based on an even longer period of employment. So he had most certainly made a fairly large sacrifice in the income and pension sphere. Under the Dutch Corporate Governance Code, a company was allowed to pay out one year's salary in compensation. This worked out at EUR 800,000, which was definitely less than what he could have earned if he had completed the agreed full term of employment.

IV 2013 Financial Statements

The **chairman** indicated that this agenda item required the approval of the shareholders and that it consisted of three parts. The first was the proposal to adopt the Financial Statements, the second was an explanation of the policy on reserves and dividends – no approval was required for this – and the third was the approval of the proposal to pay dividend.

The 2013 Financial Statements were approved by the Supervisory Board on 3 April 2014. Subsequently, the auditor, having carried out the audit, signed his positive auditor's report on the Financial Statements. The chairman invited the external auditor, Maarten Koning, to give a brief explanation based on slides.

Mr **Koning** (EY) informed the meeting that he was the statutory auditor of Delta Lloyd and that in view of the calls for transparency he thought it would be good to give a slightly more detailed explanation than in the previous year. He said that Delta Lloyd had released him from his confidentiality undertaking.

EY had audited the company financial statements and the consolidated financial statements of Delta Lloyd N.V. and had also examined whether the annual report complied with the statutory requirements, including the mandatory inclusion of the corporate governance information. The aim was to establish whether the annual report was consistent with the information in the financial statements, i.e. that there were no contradictions between the two documents. Besides these statutory requirements for the controller, Delta Lloyd had also requested EY to audit the Sustainability Report and EY also reviewed the press releases issued with the interim figures and the financial statements.

An audit was also designed to assess the company's continuity. Delta Lloyd prepared its financial statements on a going concern basis. In his report, the auditor was also expected to give an opinion. EY did this on the basis of liquidity forecasts and funding forecasts as well as Delta Lloyd's current and expected solvency. In addition, EY assessed the embedded value. This information could be found in the annual report.

Based on this information EY saw no material uncertainties to doubt the going concern assumption applied by Delta Lloyd when preparing its financial statements for 2013.

In summary, the audit produced a great deal of audit evidence. Based on the audit evidence EY was able to form an opinion on whether the financial statements presented a true and fair view of the company's financial position and issued an unqualified auditor's report, which was included in the Other Information section at the back of the Financial Statements.

The auditor's report was expected to change next year. It would become more transparent and contain more information. The legislation on the new auditor's report would take effect in 2014.

Mr Koning said he was responsible for the audit as the partner in charge. He performed the audit with a large team of EY auditors, which audited Delta Lloyd Group as well as the subsidiaries. Expert teams had been set up for this purpose. As well as auditors, these teams also consisted of many experts in such fields as IT, actuarial issues, property (for property valuation) and tax. There were also IFRS specialists with very extensive knowledge on reporting standards. This was necessary to assess such matters as the valuation of intangible assets, complex assets, mortgages and also technical provisions. In addition, assistance was obtained from departments within Delta Lloyd Group, including the internal

audit department. The objectives of their internal audits were aligned with the audit work of EY and the reports and outcomes were shared. EY also supported the work of a special department within Delta Lloyd, which was responsible for testing the internal control measures. This was a department specialised in testing the controls within Delta Lloyd. Their work was reviewed and independent tests were performed to ensure all procedures had been correctly implemented.

Delta Lloyd also engaged an external actuarial agency – which was very important for an insurer – to give an opinion on the adequacy of the technical provisions. EY actuaries assessed their work.

The scope of the audit was basically to achieve 100% audit coverage of all important balance sheet and P&L items. This was logical in itself as Delta Lloyd was made up of a great many legal entities, which were all authorisation holders that were under supervision and required to prepare independent financial statements. It was important to know that Delta Lloyd Germany and ABN AMRO Insurance were not audited by EY, but by another audit firm. EY has a good working relationship with these auditors.

The various local audit teams were supervised by EY. Finally, EY performed audit file reviews at the local auditors on a rotation basis to assess whether they had addressed the issues identified by EY as group auditor.

One important aspect in the audit was the risk assessment. The risk assessment was basically top-down risk-based, which meant that there was a focus on the end product, i.e. the financial statements. The biggest risks of material errors in the financial statements, known as the significant risks, received more attention in advance from EY than less risky areas.

Significant risks often related to non-routine transactions or complex items and a great deal of work went into forming an opinion on these issues. First of all, EY tested the internal control measures as implemented by Delta Lloyd itself and assessed the effectiveness of these measures. Next, specialists performed additional substantive procedures on these items. This was done to establish that the risk did not lead to a material variance in the financial statements.

The provisions at Delta Lloyd were not determined on the basis of a fixed actuarial interest rate, but on the basis of a current market interest rate, which should indicate what the long-term maturity of the liabilities was when discounted to present value. This discount curve had a strong influence on the valuation. EY looked critically at this, particularly in the past year

because Delta Lloyd implemented the UFR concept which, incidentally, ensured that there was less subjectivity in that curve.

In addition, with insurance liabilities it was also important to look at the non-economic assumptions, because these also had a great influence on the liabilities. These were assumptions such as the expected mortality rate, the expected commutations, the expected inflation and the cost level.

The correctness of the operational result was another important focus. The operational result was a measure of performance. The dividend policy and the remuneration policy were linked to this, so it was important to also clearly determine whether certain items were non-operational or operational.

Finally, we looked at the correctness of the IGD. IGD is the term for solvency, Delta Lloyd's Solvency I ratio. This is an important number for the supervisors and is scrutinised very closely.

The annual audit of EY is a process that culminates in several reports. An audit plan at the start of the year sets the timetable for the upcoming audit and identifies the risk areas. This leads to the management letter at the end of the year, and then to an audit results report in February and finally an auditor's report that is included in the financial statements. All these reports are discussed with the Executive Board, the Audit Committee of the Supervisory Board and the Supervisory Board itself. EY also holds periodic consultation with these bodies. EY speaks with the Audit Committee at least three times per year and basically with the Finance Management every two weeks. These sessions were conducted in a good atmosphere. EY noticed that these bodies were interested in EY's findings and that they were well-versed in the subject matter. The culture that EY experienced at Delta Lloyd was pragmatic, action-driven and focused on risks. The relationship between EY and Delta Lloyd was very transparent, constructive, critical and independent and could be said to be good.

Mr **Smit** (VEB) expressed the expectation that next year, after the law had been adjusted, it would also be possible to talk about such matters as the management letter and the communication about this between the auditor, the Supervisory Board and the various committees.

Mr **Cook** referred to the phrase 'several claims' as used on page 346 of the annual report under the 'liabilities' heading. He wanted to know how many claims this concerned and also how many legal claims Delta Lloyd had lodged against other parties.

Mr **Hoek** said that the text made it clear that this was not of material significance for Delta Lloyd and that this was not the place to go into matters of detail.

Mr **Cook** asked what compelling interests Delta Lloyd had in refusing to explain this matter in more detail.

The **chairman** replied that it was not in the interests of Delta Lloyd as a company to discuss court cases in this meeting.

Attendance/representation at the meeting

Mr **Visser** (notary) reported that 365 shareholders were attending or represented at this meeting. They represented a total of 124,727,970 ordinary shares and 10,021,495 preference A shares. This totalled about 67.2% of the issued voting capital of Delta Lloyd. He then went on to explain the proxies granted to him and the voting process.

IVa Proposal to adopt the financial statements for the 2013 financial year

After the vote on this proposal Mr **Visser** declared that the proposal to adopt the financial statements for the 2013 financial year had been approved with 100% of the votes, thus unanimously, meaning that the 2013 financial statements had been adopted.

IVb Explanation of the policy on reserves and dividends of Delta Lloyd N.V.

Mr **Hoek** indicated that Delta Lloyd aimed to pay out an annual interim dividend and final dividend, and that the intention was to pay out a stable dividend. The growth ratio had been deliberately abandoned. The pay-out ratio on the ordinary shares amounted to 40% to 45% of the operational result after tax and non-controlling interests. That was the target ratio. Account was taken in this connection with the expected profitability over the three-year plan period and a solvency of at least 160% to 175%. The value of the stock dividend would currently correspond with the value of the cash dividend plus a premium of 4% which was charged to the share premium reserve.

IVc Proposal to pay dividend

The **chairman** noted that the total dividend worked out at EUR 1.03 per ordinary share. An interim dividend of EUR 0.42 had already been paid out, leaving a final dividend of EUR 0.61. Shareholders who opted to have this paid out in shares received a premium of 4%.

After the vote on this proposal Mr **Visser** declared that the proposal had been adopted by 99.98% votes in favour and 0.02% against. The dividend was thus adopted.

V Granting of discharge

Va Proposal to discharge the members of the Executive Board from liability in respect of their management

After the vote Mr **Visser** declared that the proposal had been adopted by 98.93% votes in favour and 1.07% against. The members of the Executive Board had thus been granted discharge from liability in respect of their management.

Vb Proposal to discharge the members of the Supervisory Board from liability in respect of their supervision

After the vote Mr **Visser** declared that the proposal had been adopted by 98.93% votes in favour and 1.07% against. The members of the Supervisory Board had thus been granted discharge from liability in respect of their supervision.

VI Notice of appointment of member of the Executive Board

Before proceeding to the appointments that were on the agenda, the **chairman** devoted a few words to the departing Executive Board member Paul Medendorp. He thanked him, also on behalf of the shareholders, for his many years of dedicated service to Delta Lloyd. Paul worked for Delta Lloyd since 1994 and had been a member of the Executive Board since 2003. In that period he made an outstanding contribution to the commercial successes of Delta Lloyd. He played an important role in the realisation of the successful joint venture with ABN AMRO Insurance. The Supervisory Board was extremely grateful to him for his major contribution to Delta Lloyd.

The **chairman** said that the intention was to fill the vacancy arising due to Mr Medendorp's departure at the end of the year by appointing Ms De Graaf to the Executive Board, effective from today, for a four-year period ending after the AGM to be held in 2018. The Supervisory Board makes the appointment, but only after notifying the AGM of its intention to appoint. Ms De Graaf's CV was attached to the agenda by way of further information. Ms De Graaf came from Delta Lloyd's own ranks. Her work had been outstanding and the Supervisory Board was delighted that she was willing to accept this post. After the meeting, the Supervisory Board would appoint Ms De Graaf as a member of the Executive Board.

VII Notice of reappointment of member of the Executive Board

The **chairman** noted that Mr Emiel Roozen had today reached the end of his four-year term of office as a member of the Executive Board and that the Supervisory Board would like to reappoint him effective from today, again for a four-year period ending after the AGM to be held in 2018. Mr Roozen would be reappointed by the Supervisory Board after this meeting.

VIII Composition of the Supervisory Board

VIIIa Composition of the Supervisory Board

The **chairman** reported that Mr Kottman had resigned with effect from 1 January. In addition, Peter Hartman and Patrick Regan would also resign today, both because they had reached the end of their term of office. Mr Regan had been appointed as CFO of a large Australian insurance company and would be moving to Sydney, which meant he would be too far away to remain a member of the Supervisory Board of Delta Lloyd. The Supervisory Board thanked him for his dedicated service.

Mr Hartman was departing for personal reasons. Mr Hartman was appointed to the Supervisory Board of Delta Lloyd in 2010. The chairman was impressed by his personality and the highly individual manner in which he fulfilled his role in the Supervisory Board. The Supervisory Board benefited greatly from his entrepreneurship, his insight into how a company could best approach sustainability and into such matters as risk management. The Supervisory Board thanked him for his years of dedicated service.

VIIIb Composition of the Supervisory Board: reappointments

The **chairman** said that Ms Fieke van der Lecq and Messrs Eric Fischer and Jan Haars had also reached the end of their term of office and that they had made themselves available for reappointment to the Supervisory Board. The shareholders' meeting decides on the reappointment of members of the Supervisory Board. The chairman also said that there was still a vacancy in the Supervisory Board and that they were still busy looking for someone with the desired profile.

VIIIc Composition of the Supervisory Board: recommendations for appointment

The **chairman** gave the AGM the opportunity to make recommendations for candidates for the Supervisory Board.

Mr **Vreeken** (WeConnectYou) said that he was thinking of Eli Leenaars of ING, Wilfred Nagel of ING or Huub Arendse, currently CFO of Achmea. Rinnooy Kan might also be an option.

The **chairman** thanked Mr Vreeken for his suggestions and concluded that no recommendations had been made regarding the vacancies arising as a result of Ms Van der Lecq and Messrs Fischer and Haars reaching the end of their term of office. He referred to the CVs of Messrs André Bergen and Rob Ruijter. As a former CEO of KBC Group, Mr Bergen had a background that would clearly add value to the Supervisory Board of Delta Lloyd. He was knowledgeable of insurance, banking and the Belgian market. Mr Ruijter's profile featured CFO and CEO positions at major companies, including listed corporations. So he was a real all-round executive with a very strong financial profile and that was

precisely what the Supervisory Board needed, also in view of the departure of Messrs Hartman and Regan.

Mr Fischer was nominated for reappointment. His specific profile was broader in scope and included extensive insurance expertise. He spent a long period as director of the Association of Insurers. He knew Delta Lloyd inside out, also as vice-chairman of the Supervisory Board.

Mr Haars had a clear-cut financial profile. He was chairman of the Audit Committee and it was hard to imagine the Supervisory Board without him.

Ms Van der Lecq had served for four years on the Supervisory Board and her contribution had clearly underlined the importance of having a member who did not come from the business world and had a good understanding of the wider world. She was an expert in pensions, but was also intensively involved in such matters as Customer Centricity, customer focus and competition issues.

Mr **Van der Helm** (VBDO) noted that more than 40% of this company's staff were women and that this percentage was not reflected in the total composition of the Supervisory Board and the Executive Board. He was pleased that there was still a vacancy and urged the company to explicitly take diversity on board in the selection process. He also called specific attention to the need to add further knowledge, expertise and experience of sustainability to the Supervisory Board.

VIIId Proposal to appoint Mr A.A.G. Bergen as a member of the Supervisory Board

After the vote Mr Visser declared that the proposal had been adopted by 99.94% of the votes in favour and 0.06% of the votes against.

VIIIf Proposal to appoint Mr R.A. Ruijter as a member of the Supervisory Board

After the vote **Mr Visser** declared that the proposal had been adopted by 99.99% of the votes in favour and 0.01% against, so that the appointment had now been made.

VIIIg Proposal to reappoint Mr E.J. Fischer as a member of the Supervisory Board

After the vote Mr **Visser** declared that the proposal had been adopted by 99.89% of the votes in favour and 0.11% against, so that Mr Fischer had been reappointed.

VIIIh Proposal to reappoint Mr J.G. Haars as a member of the Supervisory Board

After the vote **Mr Visser** declared that the proposal had been adopted by 99.94% of the votes in favour and 0.06% against, so that Mr Haars had now also been reappointed.

VIIIh Proposal to reappoint Ms S.G. van der Lecq as a member of the Supervisory Board

After the vote **Mr Visser** declared that the proposal had been adopted by 99.99% of the votes in favour and 0.01% against, so that Ms Van der Lecq had now been reappointed.

IX Renewal of the powers of the Executive Board

The **chairman** explained that the first part of this agenda item concerned the renewal of the powers of the Executive Board. In the first place this concerned the power to decide to issue ordinary shares. This power was limited to a maximum of 10% of the issued capital and to a maximum term of 18 months. The second part concerned the proposal to authorise the Executive Board to restrict or exclude the shareholders' pre-emptive rights on the issue of ordinary shares. This entailed that you could allocate the shares to others before offering them to existing shareholders. This too was limited to a term of 18 months.

IXa Renewal of the powers of the Executive Board: proposal to renew the designation of the Executive Board as the body authorised to issue ordinary shares

After the vote **Mr Visser** declared that the proposal had been adopted by 92.12% of the votes in favour and 7.88% of the votes against.

IXb Renewal of the powers of the Executive Board: proposal to renew the designation of the Executive Board as the body authorised to restrict or exclude the pre-emptive rights on the issue of ordinary shares

After the vote **Mr Visser** declared that the proposal had been adopted by 90.5% of the votes in favour and 9.5% of the votes against, so that this designation had been renewed.

X Purchase of treasury shares

Mr **Visser** explained that this concerned the renewal of an authorisation to buy shares in the company's own capital (treasury shares) for a term of 18 months, starting from today until the acquisition of the treasury shares. This authorisation ends on 22 November 2015 and replaces the authorisation granted last year.

After the vote **Mr Visser** declared that the proposal had been adopted by 99.8% of the votes in favour and 0.2% of the votes against, so that this authorisation had been granted.

XI Any other business and close of meeting

Mr **Wijnandts** asked the Supervisory Board how much progress they had made towards finding a good successor for Mr Hoek.

The **chairman** said that they were working on this and that a lot of time was being devoted to this matter in order to ensure a very careful process. He could not say any more at this stage.

After noting that there were no further questions the chairman proceeded to close the meeting.