

## MINUTES



## 1. Opening and announcements

Mr **Kottman**, chairman of the Supervisory Board of Delta Lloyd N.V., opened the Annual General Meeting (AGM) at around 2pm. He welcomed those present 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 auditor and the notary Mr Visser, who will be in charge of the voting. The chairman noted that Mr Holsboer resigned from the Supervisory Board last September because of his appointment to the Supervisory Board of ING. He thanked Mr Holsboer for his contribution and wished him every success in the future. The chairman noted that Mr Moss had recently resigned as a member of the Supervisory Board after stepping down as CEO of Aviva plc. Aviva has the right to nominate two members of the Supervisory Board. Following Mr Moss's departure, Aviva has the right to nominate a candidate for appointment to the newly arisen vacancy at a forthcoming AGM or extraordinary general meeting of shareholders. Mr Moss had a lot of knowledge and experience in insurance, the chairman thanked him for the cooperation and wished him the very best.

The chairman proceeded to observe that all legal regulations and provisions in the articles of association regarding the convocation and holding of this AGM had been observed. The meeting was announced by means of a press release of 11 April 2012, while the invitation to and agenda for this meeting were posted on the website on the same day, and the registration date was 23 April 2012. All documents discussed at this meeting, such as the agenda and the notes to the agenda, had been made available for inspection and posted on the website. The chairman indicated that the formal requirements for the convocation of the meeting had thus been met and that, accordingly, the meeting was authorised to adopt valid resolutions.

Prior to the meeting there had been an opportunity to issue proxies and voting instructions to an independent third party, the notary Mr Visser. The meeting was to be held in Dutch, but a simultaneous translation would be available. In addition, questions and comments could be made in English. Voting was to be carried out by means of an electronic voting system that would be explained by Mr Visser.

The total issued share capital of Delta Lloyd N.V. amounts to € 36,720,038.40 consisting of 170,578,697 ordinary shares and 13,021,495 preference shares A, both classes of shares having a nominal value of € 0.20.

Mr **Visser** noted that 356 shareholders had registered for this meeting, including many through a proxy, representing a total of 120,759,105 ordinary shares and 13,021,495 preference shares A. That is 73.5% of the voting capital. The definite list with the exact number of attendees was being drawn up at that time. Mr Visser reported that he had received proxies for over 84.5 million shares in total.

## 2. 2011 Annual Report

The chairman invited Mr Hoek, chairman of the Executive Board, to give a presentation explaining the report of the Executive Board (pp. 1 to 36 of the Annual Report), after which there would be an opportunity to ask questions. The sheets of the presentation form part of these minutes and are posted on the website of Delta Lloyd; [www.deltalloydgroep.com](http://www.deltalloydgroep.com).

Mr **Hoek** said he was delighted to explain the results of Delta Lloyd Group for 2011. He noted that Delta Lloyd Group had shown achieved strong results in the past year in an environment that was far from easy. Premium income had increased 14% to € 5.5 billion while the insurance market in the Netherlands and Belgium had not grown. This was a good achievement of the Delta Lloyd Group brands and the people working there. Delta Lloyd has a strong focus on becoming a cost-efficient business that delivers a good service, and this was reflected in the reduction of the operating expenses to € 851 million. One key figure for Delta Lloyd is the operational result after tax and non-controlling interests, which rose 4% to € 438 million. The result after tax and non-controlling interests showed a loss of € 313 million. Delta Lloyd Group is one of the few insurers in Europe that measures its liabilities on a marked-to-market basis. The Life business in particular was suffering from the falling interest rates. On the upside Mr Hoek indicated that the investment results were fairly good. Shareholders' funds were € 3.9 billion and the regulatory solvency (IGD) of Delta Lloyd Group was 174%. The solvency ratio of the group's supervised insurance entities was 206%. The proposed dividend was raised to € 1.03 per ordinary share.

The underlying economic factors remain volatile. Equity markets are under pressure. There are uncertainties about the eurozone, interest rates are falling fast and gross domestic product in the Netherlands is declining. The credit spreads – the mark-ups that companies pay to borrow money in the capital markets – returned to somewhat calmer territory last year, but these too have deteriorated again over the past weeks. All in all, it is a difficult economic environment with great uncertainty surrounding the eurozone.

What did this mean for the shareholders? The net result was minus € 1.85 per ordinary share, mainly due to the marked-to-market valuation. However, the operational result was good at € 2.59 per ordinary share. Shareholders' funds decreased to € 22.85 per ordinary share.

Mr Hoek said that the Group European Embedded Value, the shareholders' funds plus the embedded value of our life insurance businesses, is an extremely important measure for insurers. This value remained reasonably stable at € 27.80 per ordinary share.

Mr Hoek observed that in his view Delta Lloyd Group had done fairly well in realising the objectives defined at the time of the IPO. The value of new business was € 46.1 million and the internal rate of return improved - we are clearly striving to put profit before volume - though the combined ratio of our general insurance businesses was somewhat disappointing at 99.8%. In the combined ratio, costs and claims are divided by the premium. Our current combined ratio shows that each euro received is just enough to cover the costs and the claims. Mr Hoek indicated that the company is working hard to improve this.

Clear cost-cutting targets have been agreed and Delta Lloyd Group is ahead of this target. The target to reduce the costs below € 850 million in 2012 was almost achieved in 2011. Tougher targets had meanwhile been set for 2012 (€ 820 million) and 2013 (€ 790 million). The return was good at around 9.5%.

Delta Lloyd Group has a stakeholder model and wants to do a good job for everyone who is involved with the group, starting with the customers of course. The customers are a key asset, so it is encouraging that particularly customer service and customer satisfaction ratings improved.

Operational profitability combined with cost discipline, a strong capital position and good risk management are all vital. Our risk management has been severely tested in the past years, but it is working well.

Delta Lloyd Group has a leading position in the Dutch market and is rapidly becoming a force to be reckoned with in Belgium. Delta Lloyd Group's formidable market position in the Netherlands is founded on its brands (Delta Lloyd, ABN AMRO Insurance and OHRA), white label distribution and distribution through competitor networks. This is reflected in the high volume of new business. Delta Lloyd's business model is extremely effective in driving organic growth, while simultaneously keeping the company vigilant to avoid importing outside problems.

The customer-focused strategy that Delta Lloyd Group pursues is working. All labels retained the Customer-Focused Quality Insurance Label for 2012 and this translated into lots of business. Life premium income was € 4 billion, up 19%. General premium income showed 5% growth and new mortgage business was still growing fast last year, but the pace of the last mentioned business is now slackening considerably, as market conditions are becoming more difficult, Mr Hoek added. Delta Lloyd was the first major player in the market for pension-saving and mortgage repayment "banksparen" products (tax-efficient savings accounts) to replace unit-linked policies. Mr Hoek then briefly devoted attention to the best mortgage product. Delta Lloyd Bank has the best mortgage product - not so much because of the actual product characteristics but rather because of Delta Lloyd Group's transparent and clear approach to its mortgage customers. That is a big compliment and Mr Hoek is extremely proud of this. OHRA was voted best call center of the Netherlands and Delta Lloyd Asset Management reported good results for our investment funds.

Efforts are ongoing to continue expanding the multi-channel distribution strategy. A joint venture was set up with Friesland Bank, involving the takeover of 51% of the insurance business of Friesland Bank. The joint venture comprises a thirty-year exclusive distribution deal. The expectation is that it will generate a lot of new general insurance business in particular. Meanwhile, Friesland Bank has been taken over by Rabobank and the opportunities for benefiting from this combination to further strengthen Delta Lloyd Group's position are being explored.

The first premium pension institution in the Netherlands was set up together with BinckBank, offering an extremely strong proposition to the customer. It was the first PPI to receive a licence to operate from De Nederlandsche Bank.

Mr Hoek underlined the importance of the focus on costs, which were € 1,122 million in 2008 and € 271 million lower in 2011. Added value must be created for the customers and shareholders of Delta Lloyd Group and the company needs to operate more effectively and efficiently. Delta Lloyd Group is busy working on this.

Delta Lloyd Group has been actively reducing the risks of investments, notably in South Europe and Ireland. These efforts were started early. Fortunately, we already exited Greek sovereign bonds on a large scale several years ago. We also took advantage of the past period to further reduce our risk exposure in Greece.

We have a transparent balance sheet with 89% hard capital, so little goodwill or value of business acquired (i.e. the value of the acquired insurance portfolio that is put on the balance sheet or the initial costs that are capitalised as an asset). Delta Lloyd takes a conservative approach to all these things. Mr Hoek considers this wise in these challenging times, because it means that Delta Lloyd Group has hard capital.

Mr Hoek informed the meeting that Delta Lloyd Group had invested well in the past year. The investors of Delta Lloyd Group managed to generate 7% on the group's own-risk assets. That is an excellent achievement. The downside equity risk is heavily hedged, as we still have some worries about the economic risks. We already had € 2.4 billion of put options and increased this further at the start of the year. Mr Hoek noted that a life insurer is vulnerable to falling interest rates and that Delta Lloyd Group has substantial exposure to long maturities.

In 2009, investments in South Europe totalled € 3.8 billion, but this had been reduced to € 87 million by the end of the first quarter of 2012. This means that the exposure has been reduced enormously. This reduction could also have been the result of value depreciation, but that is not the case with Delta Lloyd Group. Our risk exposures were decreased at an early stage and, in view of possible further risks, Delta Lloyd Group still has substantial credit default swaps in Spain and Italy.

Delta Lloyd was the first to address the unit-linked policy issue and reach an agreement with the consumer activist groups. We have fulfilled the commitments arising from these agreements for three years in a row. In the past year the Ministry of Finance defined facilitating policies, which we decided to implement on a 'best in class' basis. This means that the compensation that was originally to be paid out on maturity date will now be paid into the policy at the end of this year. The difference in financial terms for the customer is not that great, but Delta Lloyd has carried out this wish as we are really keen to put this issue behind us and move on.

People are living longer. This is good news for the customers of Delta Lloyd Group. In general, longer life expectancy is not so favourable for insurers, but Delta Lloyd has put aside good provisions based on the most recent mortality table, also for the future. Delta Lloyd has opted for the most conservative approach here.

In 2011, the operational result of Delta Lloyd Group increased by 4%, mainly driven by Life due to better technical insurance results and a stronger cost performance. General Insurance business was under pressure, partly due to more large fires and more claims in our international marine business. Delta Lloyd Bank achieved better interest margins, which came under considerable pressure in the past half year following the introduction of the LRTD. Asset Management showed a substantial decline in the operational result to € 38 million. In 2010, high performance fees were recorded at Asset Management. Unfortunately this was not the case in 2011.

Finally, Mr Hoek spoke about the first quarter of 2012 and noted that Delta Lloyd Group had delivered a solid performance in a turbulent market. The premium income increased by 1% to more than € 1.5 billion. Premium income in Belgium is growing, but fewer large pension contracts were closed in the Netherlands. This varies over time. As announced, Delta Lloyd is discontinuing its international marine business and this is reflected in a stable premium income at General. Mortgage origination declined: € 245 million. Our market share is about 2% and reasonably stable, but the mortgage market is shrinking. Asset Management saw a substantial inflow of new money (€ 570 million), mainly driven by the inflow from new insurance business. 'Banksparen' is continued to expand: € 1.5 billion.

Mr Hoek indicated that the Group Embedded Value was stable at € 4.7 billion, despite the falling interest rates. The first quarter did bring a substantial decline in shareholders' funds due to the sharp fall in interest rates of almost a full percentage point. This has a huge impact on the size of our life insurance business provisions, while the investments have not grown quickly enough to offset this. The results, however, are good in themselves. The Group Embedded Value per ordinary share is € 27.99, and shareholders' funds declined slightly to € 17.55 per ordinary share. Mr Hoek ended there and said there would be an opportunity to ask questions.

The **Chairman** thanked Mr Hoek for his explanation and invited Mr Visser to speak before giving the attendees an opportunity to ask questions.

Mr **Visser** reported that 429 shareholders had registered for this meeting and that he had received proxies and voting instructions for over 114 million shares. He said that the system was now closed and that 364 shareholders were either in attendance or represented at the meeting. This worked out at a total of 120,338,381 ordinary shares and the 13 million-plus preference shares A. 73.26% of the issued voting capital was present, while the proxies granted to Mr Visser made up over 85% of that total.

The **Chairman** gave those present an opportunity to ask questions.

Mr **Keyner** (VEB) said he had many questions, though limited to two themes. The first question concerned Delta Lloyd's stock market valuation. It is very normal for the net asset value to deviate somewhat from the market price. But it is unusual for the price to be half or even less than what the auditor says, what Delta Lloyd says, what the balance sheet tells and what is reported as the embedded value. Mr Keyner wanted to hear Delta Lloyd's perspective on this; did Delta Lloyd think that the market had got it wrong or had Delta Lloyd and its external auditor lost their way when it came to valuing the assets and liabilities and was the balance sheet not a true reflection of the actual state of affairs? Or were there structural problems which, in accounting and technical terms, could not be properly recognised in conformity with IFRS?

The **Chairman** explained that listed companies did not comment on their market valuation as this was entirely a matter for the market to determine. Delta Lloyd obviously had its own thoughts about this, but it was the market that decided whether shares were bought or sold. Delta Lloyd Group, for its part, had put a lot of time and energy into meticulously preparing its Annual Report in order to explain in detail what Delta Lloyd was aspiring towards and what it does to achieve this, as well as what had gone well and less well. An outlook was also given with the strategy. The chairman said that the contents of the Annual Report went a very long way towards answering Mr Keyner's questions. He invited Mr Hoek to say something about the longer-term prospects, not of the shares but of the company.

Mr **Hoek** went into the valuation of Delta Lloyd. He said that Delta Lloyd's multiple was comparable with other financials. There was a lot of uncertainty in the European financial markets due to the uncertainties surrounding the euro, with possible implications for the valuation of financials. Since going public Delta Lloyd Group had aspired towards a transparent and complete balance sheet. This was included in the Annual Report and the items were clearly described and explained in this report. The falling interest rates were not helpful and the market was probably wondering how much further they might fall. What the management of Delta Lloyd Group has been doing is reasonably clear, and the good work is being continued. The customers are receiving a good service, products are being delivered at reasonable margins, the costs are being brought down and the focus is on the operational result. Delta Lloyd's money is well-invested and Delta Lloyd is continuing to generate value for the shareholders, which translates into dividend. Mr Hoek indicated that this was the only way to lay the value in Delta Lloyd shares clearly on the table for the shareholder.

Mr **Keyner** thought this was an excellent answer, because Mr Hoek did not hide behind IFRS and believed in what the balance sheet told. How the market chooses to judge the situation is really up to the market itself.

Mr **Hoek** said that the overwhelming majority of the assets on Delta Lloyd Group's balance sheet were marked to market and that all the liabilities were marked to market. The picture presented is as pure as possible. One thing that makes it difficult for the financial markets to accurately value financials is the great variety in accounting rules as used by different financial institutions. At Delta Lloyd balance sheet items are not misstated. Delta Lloyd marks to market.



Mr **Keyner's** second question concerned customer trust and the need to regain that trust. In this connection the Annual Report mentioned the company's mentality, putting customer interest first and building knowledge of the customer. Mr Keyner asked what was being done to change the company's mentality, apart from gathering knowledge of customers. Mr Keyner was curious to hear how the company measured the trust of customers who did not contact a call center or did not send a letter of complaint.

Mr **Hoek** replied that the customer comes first in the way Delta Lloyd Group thinks and acts. In the past years Delta Lloyd has endeavoured to offer its customers simple products, in a transparent, clear and service-oriented manner and at low costs. Next, all aspects surrounding the customer are measured. Trust at financial institutions starts with the company's financial strength, future outlook and robustness. The most important businesses of Delta Lloyd Group have an A rating with stable outlook from Standard & Poor's, which is a very strong rating in the current market environment, demonstrating that our financial basis is strong. Putting Customer Interest first has been made a priority in the past years. Mr Medendorp has Customer Interest in his portfolio.

Mr **Medendorp** confirmed that Customer Interest had become an important project within Delta Lloyd Group. The full Executive Board devoted weekly attention to this subject and the Supervisory Board discussed it in each meeting. All other employees engage in, or are required to engage in, Customer Interest. To start with, Delta Lloyd Group focuses on the quality label. It is extremely important that customers can understand what you write to them. In the second place, almost all products have undergone a full review according to the procedures that are also recommended by the supervisor. In the third place we continuously seek to ensure that customers genuinely notice the benefits of these efforts through exemplary behaviour and by seeking to influence our employees.

We are busy developing a central customer policy, as the existing policy needs to be improved and given a sharper focus. One recurring theme is that it is not sufficient to just handle that individual complaint you receive from a customer about a product or procedure, but to find out whether the same solution could also help other customers who have the same product or procedure. Delta Lloyd proactively seeks out these customers. In addition, customers are also actively approached through customer panels and by telephone to obtain direct feedback.

Mr **Keyner** suggested that mentality is not just a question of corporate culture and saying you'll try harder. It is often closely linked to the type of person in an organisation. Mr Keyner asked whether a significant number of people had been told they no longer fitted in with the current Delta Lloyd culture.

Mr **Medendorp** noted that Delta Lloyd Group has very good employees and, in addition, that staff turnover is significant, which ensures refreshing influences from other sectors or other businesses.

Several years ago, before the Customer Interest item came to the fore, all employees were given training in customer-facing skills. The theme also forms part of the appraisal interviews with the employees.

The **Chairman** gave Mr Keyner an impression of what the Supervisory Board had noticed regarding this aspect among employees. During their regular working visits to businesses and the shop floor, they talk with the employees about their concerns and about how they deal with specific matters in their work. What really struck the Supervisory Board members was that there were so many young and committed employees who did not need the importance of customer interest impressed on them because it was already firmly between their ears. So for these employees, there was no need to explain the importance of customer interest in all sorts of programmes.

Mr **Gootjes** of the Association of Investors for Sustainable Investment (VBDO) complimented Delta Lloyd on its reporting for 2011, citing the improvements compared to last year. VBDO conducts studies into the investment policy of insurers in the Netherlands and last year Delta Lloyd again improved its performance on the GRI benchmarks. Mr Gootjes had one question about sustainable development and one about diversity. At present Delta Lloyd engages in dialogue with 81 companies in which it holds an interest of at least 5% or more than € 25 million. VBDO believes that you can also do a lot to advance sustainable investing and sustainability at companies where you have an interest of less than 5% or € 25 million. Has Delta Lloyd given that any thought this year? If so, why has Delta Lloyd still not adjusted its policy accordingly and does it intend to reconsider this stance? The sustainably managed assets decreased this year. What are the reasons for this lower value?

Regarding diversity, Mr Gootjes mentioned the signing of the 'Talent to the Top' Charter and the setting up of Lloyds Ladies to promote diversity within Delta Lloyd. Mr Gootjes noted that this initiative did not seem to be working and asked what else Delta Lloyd was going to do to boost diversity and whether tangible and quantifiable targets could be linked to these measures.

In response to Mr Gootjes' first question, Mr **Verstegen** said that expanding Delta Lloyd's shareholder engagement and active voting beyond the 81 companies would require careful prior consideration and preparation. He added that before doing this Delta Lloyd also needed to have a fully developed vision on sustainable investing in place, and that this process was still ongoing. Delta Lloyd recently applied to Eumedion for membership, partly with a view to putting its engagement activities and voting behaviour in the field of sustainability on a firmer footing.

Regarding the decrease in sustainably managed assets, Mr Verstegen drew a comparison with responsible investing. Research showed that there was no difference in performance terms. Other investment categories also declined. The value of sustainably managed assets in the portfolio fell slightly to € 503 million. Besides falling asset values, this had to do with the discontinuation of an index-tracker fund, which led to a slightly lower amount than last year.

Mr Verstegen underlined that Delta Lloyd obviously took diversity extremely seriously. 'Talent to the Top' and the number of women in the company is very important in view of the beneficial effects for team performance. Delta Lloyd currently has 12% women at board level. The percentage decreased slightly due to an organisational simplification. At the present moment, however, 28% of the managers and 36% of the team leaders are female. So things are going better on that front, but work remains to be done at board level. Looking to the longer term, the aim is to appoint at least one female member to the Executive Board, as also indicated in the Annual Report.

Mr **Gootjes** asked whether the intention was to further raise the percentage of women at board level of 12%.

Mr **Verstegen** said that the charter had been signed and that the intention was to increase the percentage.

Mr **Velseboer** picked up on the matter that VEB had raised regarding the share price and voiced support for reintroducing the Wholesale limit. He asked whether Delta Lloyd had an LP or an animator. He expected this would lead to orderly trading. His second question concerned the National Mortgage Guarantee (NHG). He saw that new mortgage business had declined from € 857 million to € 245 million compared to the first quarter of last year and asked what risks Delta Lloyd ran in this connection in 2011.

Mr **Hoek** answered Mr Velseboer's first question about the Liquidity Provider. Delta Lloyd has a listing agent in the Netherlands, namely ABN AMRO Bank. A study into the expediency of appointing a Liquidity Provider led to the conclusion that in view of the share turnover volume – recently varying between 500,000 and 600,000 shares a day – the share has sufficient liquidity. Appointing a liquidity provider would serve little purpose.

Mr Hoek went on to note that when you are quoted in the newspaper you do not always recognise yourself. Speaking about the first-quarter results, he had said that Delta Lloyd had extended fewer mortgages than in the extremely strong quarter last year, namely € 245 million versus € 857 million. He had also indicated that Delta Lloyd was open to all customers, but that the company checked whether customers could afford their mortgage and whether the collateral was of good quality. So it was a misunderstanding to think that Delta Lloyd only extended NHG mortgages. Mr Hoek had noticed however that, due to the raising of the NHG limit to € 350,000, between 70% and 80% of the mortgage applications automatically qualified. He also pointed out that regulators in Europe were raising the capital requirements of banks, thereby forcing banks to maintain more and more capital. This made it relatively attractive to provide mortgages that tied up less rather than more capital, which was why Delta Lloyd did not mind NHG mortgages currently accounting for a relatively large proportion of its mortgage portfolio. The quotation in the newspaper was not entirely accurate and a press release had been issued that same day to set the record absolutely straight, but this unfortunately failed to make the papers.

Mr **Verhagen** noted that the provision for insurance liabilities on page 318 of the Annual Report under Life Insurance Contracts showed a minus of over € 2 billion. The text below said something about a collateralised AAA curve. Could this be explained in simple terms and would this provision

again show minus € 2 billion next year? He also asked whether more could be said about Aviva's position.

Mr **Roozen** replied that the collateralised AAA curve is a yield curve based on paper issued against collateral, mostly consisting of houses or cars. This is the curve that Delta Lloyd Group uses to value its liabilities. The AAA is the highest status for such a curve. This amount was negative due to the sharp fall in interest rates in 2011. Mr Roozen did not know how interest rates would develop, but added that they also fell considerably in the first quarter.

Regarding Aviva, the **Chairman** answered that the company had announced at the time of the IPO that it did not wish to be a long-term Delta Lloyd shareholder, but that the timing of the reduction of its shareholding was entirely Aviva's own decision. Delta Lloyd was therefore unable to make any statements on this issue.

Mr **Verhagen** said that interest rates had fallen again during the first quarter and asked what the implications were in terms of concrete amounts.

Mr **Roozen** replied that the fall was exactly 94 basis points on the 10-year part of this collateralised AAA curve. This was reflected in the valuation level of the liabilities; on the other hand Delta Lloyd's investments increased in value. The resulting effect was not fully and specifically disclosed in the first half year, but would be disclosed in the second half year.

Mr **De Vos** asked about Delta Lloyd and CZ. Delta Lloyd sells health insurance, but claims are handled by CZ, which is an independent organisation. He said that if CZ fails to handle claims properly, there is no recourse elsewhere. He asked whether CZ only handles the claims and whether some settlement of profits also takes place.

Mr **Medendorp** replied that Delta Lloyd had in the past sold its healthcare business to CZ. Delta Lloyd works very closely with CZ. This means that Delta Lloyd sells health insurance produced by CZ. The products are sold under diverse brands, such as OHRA. The work involved in this activity is divided as laid down in service level agreements. Specific standards have been set for this purpose. The same applies to the complaints handling: if any complaints are reported to Delta Lloyd or OHRA and are not properly handled, customers can notify Delta Lloyd or OHRA, who will then obviously take up the matter with CZ.

Mr **De Vos** said that any questions you have are dealt with a CZ employee. He asked whether his understanding was correct that Delta Lloyd had nothing to say about the claims payments by CZ.

Mr **Medendorp** answered that the person he spoke to might be someone of CZ, but that this person would adhere to the standards agreed with Delta Lloyd or OHRA. CZ is a very good organisation that takes its work seriously and handles complaints or questions in conformity with the standards agreed by Delta Lloyd with CZ. Mr Medendorp added that if Mr De Vos had a complaint about this, he could raise it with him later.

Mr **De Vos** asked whether claims also led to P&L consequences, or compensation or something like that at Delta Lloyd and, if so, how this works and whether CZ is free to handle everything or whether Delta Lloyd imposes any restrictions on CZ.

Mr **Medendorp** answered that arrangements had obviously been made about the division of work and allocation of associated costs. In addition, Mr Medendorp indicated that policy conditions were set. Some of these conditions are identical for everyone. The difference often lies in additional insurance cover and the specific standards set for handling additional insurance, such as a time limit for settling claims. Customer friendliness is also arranged in these standards. There might be differences for different labels served by the 'producer', but everything always takes place as agreed.

Mr **Van den Herik** referred to Mr Hoek's explanation regarding the mortality figure in the Netherlands and asked whether Delta Lloyd used the correct mortality table. He also asked about the falling prices of houses and buildings relative to the mortgages and whether this was properly covered.

Mr **Hoek** replied that life insurers ran two mortality-related risks, a longevity risk and a short-life risk. Delta Lloyd Group is, above all, a very large pension insurer and always meticulously pays out the pensions promised to the customers. If they live longer, Delta Lloyd must pay longer. Life expectancy is predicted using the most recent mortality tables. Delta Lloyd Group uses prospective



mortality tables, CBS 2010, for the current portfolio, but also for the future portfolio. The actuaries of Delta Lloyd can make forward-looking forecasts in this connection. Delta Lloyd currently makes a 'mortality profit', as it is known in the jargon, but over the past decades many large additional reserves have been set aside in anticipation of customers living longer. We have now taken the most recent mortality table. The actuaries made forward-looking forecasts according to the mortality improvements of the past few years and, based on their outcomes, Delta Lloyd made an enormous extra provision two years ago. The most recent, very tentative estimate showed that the development is more favourable for Delta Lloyd and less favourable for our customers than originally predicted by the actuaries. As a result, a mortality profit will now be made.

Regarding mortgages and collateral, Mr Hoek answered that Delta Lloyd Group had a cautious acceptance policy based on two important criteria: (i) can the customers pay their mortgage charges, given their income and the security of their income, and (ii) the quality and value of the collateral. Mortgage acceptance is always carried out by Delta Lloyd itself. The employees of Delta Lloyd are careful in accepting mortgages. To see just how good Delta Lloyd's acceptance policy is, all you need to do is look at the valuation of its mortgaged-backed securities in the market: Delta Lloyd has one of the lowest credit spreads in the market for mortgage-backed securities in Europe. This is testimony to the fact that Delta Lloyd has an excellent mortgage acceptance track record and that relatively few customers have problems meeting their mortgage loan commitments.

Mr **Zee** asked for a loan-to-value ratio for the mortgages.

Mr **Hoek** said that a disclosure on the mortgage portfolio and its development had been given during the analyst's presentation of the annual figures. All these presentations can be found using the Delta Lloyd app. An exact break-down of our mortgages according to their loan-to-foreclosure value is given on page 64: 6% of our mortgages have a loan-to-foreclosure value of less than 70%, 10% between 70% and 90% and some 28% is above 110%. This however is the foreclosure value, a kind of compulsory sale value. As mentioned shortly before, a significant proportion of the portfolio, namely 46%, has a National Mortgage Guarantee.

Regarding the stress tests (page 81 of the Annual Report) Mr **Keyner** asked whether his understanding was correct that Delta Lloyd would have insufficient capital to pass the extreme test once every 200 years.

Mr **Roozen** answered that stress scenarios use a reliability percentage of 99.5%, which translates into once every 200 years. We use this 99.5% to quantify catastrophe risks as well as other extreme risks. In setting these reliability levels, you aspire to achieve the highest possible reliability, as also required by regulators and capital models. Zero uncertainty would not be realistic. A reliability of once every 400 years would lead to even more capital being tied up and premiums for reinsurance or fire insurance would go up.

Mr **Keyner** asked whether any lessons had been learned from the credit crisis and whether risk assessments had become more realistic.

Mr **Roozen** thought we had all learned that there are other inherent risks in our models and that models must be used with caution. Delta Lloyd makes extensive use of scenario-based planning, including even more extreme scenarios, and its approach is not exclusively model-driven. On the other hand, Delta Lloyd Group has now existed for 207 years, so we have fortunately survived that 200 years.

Mr **Keyner** asked why Delta Lloyd thought it was so much better than normal pension funds and what distinguished Delta Lloyd from the pension funds.

Mr **Hoek** answered that a modern insurer like Delta Lloyd puts customer interest first, exercises duty of care, has good risk management and good asset management, and makes good analyses, has good operatives and steers a conservative course, for instance by adopting a reliability interval of once every 200 years. A modern insurer has lots of knowledge and expertise and, when you add all that up, you see that insurers are fairly certain of being able to meet their obligations; generally more certain than pension funds, which have not yet truly embraced the concept of duty of care, some have less sophisticated risk management and do not really maintain surplus capital against their obligations. An insurer like Delta Lloyd has technical insurance provisions and, on top of this, also has a strong capital position; in practice it maintains substantially more capital than the minimum requirement of 100%. At the end of last year, Delta Lloyd Group had 174% while its insurance businesses even had more than 200%. This makes Delta Lloyd a reliable insurer. Mr

Hoek added that he currently saw other pension funds and insurers working extremely hard to achieve the same level.

Mr **Velseboer** asked what the strategy was regarding the cooperation with Friesland Bank given the recent takeover by Rabobank, also in view of the fact that Rabobank already has Interpolis and likes to keep everything in-house. He also asked about Delta Lloyd's main cost-cutting items.

Mr **Medendorp** answered that a joint-venture agreement was concluded with Friesland Bank about Friesland Bank Assurantiën. Delta Lloyd has 51% and Friesland Bank 49%. The transaction concerns a 30-year distribution deal, where insurance is sold to customers of Friesland Bank. Meanwhile, Friesland Bank has ended up in the hands of Rabobank. Delta Lloyd has a distribution-oriented strategy. The agreement was also made for distribution reasons, so Delta Lloyd will try to make distribution arrangements in the future.

Mr **Hoek** answered the question about the operating expenses and indicated that Delta Lloyd operated on the principle that more must be done for customers for less money. Delta Lloyd is pursuing this ambition through its multi-label, multi-channel strategy. Delta Lloyd has several labels, such as OHRA and ABN AMRO, but the life, pension and general insurance business is processed at a single risk carrier, whereas this was formerly spread across many different insurance companies. In the past years the number of risk carriers in the Netherlands was reduced from 12 to 5, the number of directors from 50 to 30 and the number of managers from 120 to 90. A lot of work within Delta Lloyd, involving the manual entry of data into systems, was successfully replaced by automation. Moreover, in the past years, Delta Lloyd pledged to simplify everything it does; simpler products and simpler processes leading to fewer errors and fewer complaints. A culture developed within Delta Lloyd to operate more efficiently. You can compare it with the car industry, where every year you get more car for less money. Delta Lloyd must work more effectively and more efficiently each year at lower cost.

The target for this year is € 820 million. Mr Hoek thought Delta Lloyd still had scope for further cost reductions and efficiency improvements.

Mr **Gootjes** (VBDO) referred to the detailed analysis of the company's travel by car, public transport and train, but also by air. Travel by air increased almost 300%. All progress on CO<sub>2</sub> reduction was cancelled out by this increase. He asked how Delta Lloyd proposed to reduce this figure.

Mr **Hoek** replied that Delta Lloyd has many shareholders outside the Netherlands, particularly in the United States and the United Kingdom, who like to regularly meet in person with representatives of Delta Lloyd and its Investor Relations employees. This largely explains the increase in travel by air. A second reason is that Belgium kept more precise air travel records this year.

Mr **Verhagen** referred to page 86 of the Annual Report, which mentioned the possibility of an extreme average fall in property prices of 16.5%. This is based on the prolonged volatility in the Dutch property sector. He asked whether more could be said about this and whether it would also apply to 2012. He also requested a breakdown by residential and office or commercial property.

Mr **Roozen** indicated that the internal model took account of a shock of some 16.5% in the property portfolio. An earlier question concerned the 99.5% reliability factor. This also assumes a shock event once every 200 years. There are differences in the property sector between houses, offices and shopping centres. The presentation indicated that large differences occur between these segments. Mr Roozen noted that unfortunately Delta Lloyd also did not know what the future held, but that the internal economic capital models took account of such extreme outcomes, also for 2012.

Mr **Verhagen** noted that the members of the Supervisory Board received an annual remuneration of € 50,000 and, on top of this, additional committee remuneration of € 20,000. He had expected the basic remuneration to include committee work.

Ms **Boumeester** answered the question. It is customary practice for members of the Supervisory Board to receive a remuneration as members of the Supervisory Board plus a remuneration for each committee they sit on.

Mr **Velseboer** had a question about the exposure to Southern Europe and Ireland. The *Financieel Dagblad* of 11 May 2012 quoted Mr Hoek as saying that there was still an exposure of € 87 million and that his sights were set on 0. He asked how things stood with Belgium and other weaker countries.

Mr **Hoek** confirmed that he had said that Delta Lloyd took a cautious stance on risks in the eurozone. When looking at Delta Lloyd's risk management, it is important to remember that Delta Lloyd tries to keep the assets close to the liabilities. Delta Lloyd has lots of liabilities in Belgium, so it is fairly logical to have substantial good-quality assets in Belgium. Mr Hoek observed that Belgium was a strong core member of the European Union and that Delta Lloyd was less concerned about this country. Delta Lloyd was making a reasonable return on its investments in Belgium against the liabilities in that country.

Mr **Verhagen** had a question about the exact nature of Delta Lloyd as a company and about the future expectations for Delta Lloyd's banking arm. He noted that the ECB had issued € 1,000 billion of loans and asked whether Delta Lloyd had also made use of this.

Mr **Hoek** indicated that Delta Lloyd Group has positioned itself as a financial services provider. In view of its activities, Delta Lloyd is primarily an insurer with related banking activities. The related banking activities in the Netherlands concern mortgages, which are often linked to insurance products, and pension- or mortgage-related savings accounts. That is the proposition in the Netherlands on the banking side. The bank in Belgium is broader; it also has an upmarket positioning in preferred and private banking and serves as an investment and insurance distribution channel for the Belgian life insurer. Apart from insurance and banking, it is also active in investing. Investing is an essential part of the insurance business. Delta Lloyd is good at it and, accordingly, sees asset management as an important part of its financial services. Besides investing money on behalf of the insurers, asset management also offers investment funds in the Netherlands, Belgium and large parts of Europe under the Delta Lloyd Fund label.

Mr **Vreeken** (We Connect You) observed that Norway had accumulated a substantial capital of € 400 billion from the oil industry while the Netherlands had a deficit of € 400 billion. He said that it would be good if lessons were learned from this and that Delta Lloyd could also make a contribution in this respect. He found it odd that the Netherlands had been pumping large quantities of natural gas out of the earth for 50 years, but did not have very large reserves to show for it.

Mr Vreeken then mentioned various green transport options in Amsterdam, including car2go, Greenwheels and the Public Transport Bike. He wanted to know whether Delta Lloyd used these options. A kind of fast track 2014 or 2016 is in the pipeline, heralding extremely fast forms of transport, such as the superbuss. This means that you can drive from A to B, i.e. from Amsterdam to Brussels, in Audis, BMWs and so on at a speed of 250 to 300 kilometres. He was curious to hear Delta Lloyd's view on this.

Mr **Hoek** noted that Mr Vreeken referred to Norway's large Sovereign Wealth Fund. Mr Vreeken had rightly commented on the wisdom of building such a fund for later. He was also correct in suggesting that the Netherlands had spent much of the income from the natural gas too freely over the past years. With hindsight it would have been sensible to have put some of that income into a Sovereign Wealth Fund. However, the money had gone into many useful things, such as infrastructure in the Netherlands. For business and economic reasons, Delta Lloyd considers it important for Corporate Netherlands that the Dutch government does not let its debt position run up too high, keeps the deficits in check and preserves its financial reliability as an AAA country. We were delighted to see the Dutch parliament acting with such a strong sense of responsibility in the past weeks. This was important for financial institutions such as Delta Lloyd. Given our considerable presence in the Netherlands, our financial standing depends strongly on the financial standing of the Netherlands.

Mr **Verstegen** answered Mr Vreeken's second question and identified the environmental policy as one of the corporate social responsibility priorities. Delta Lloyd is committed to saving energy and managing mobility. One good example is that Delta Lloyd was the first to offer special insurance for electric cars in the Netherlands and even supported a lease company that specialises entirely in electric cars. Another example is that Delta Lloyd also runs electric cars of its own. Insofar as Mr Verstegen knows, Delta Lloyd does not participate in car2go or Greenwheels. Delta Lloyd is not taking part in the superbuss, as this contract has already been awarded. But the developments are being closely monitored, because Delta Lloyd intends to use diverse energy-saving options.

Mr **Vreeken** asked whether Delta Lloyd's office was fitted with solar panels and whether free solar panels were issued to Delta Lloyd employees.

Mr **Verstegen** said that Delta Lloyd had no solar panels at the moment, but was studying this option. Employees had only recently been given free iPads. Delta Lloyd does insure solar panels.

Mr **Vreeken** observed that it is now also commercially interesting for a party like Delta Lloyd to make use of solar panels, particularly now that the turning point where solar energy is cheaper than other forms of energy appears to have been reached.

Mr **Verstegen** said he would pass the message on to the Property Division.

Mr **Dekker** asked for Delta Lloyd's view on the use of notional interest rates and also wanted to know how Delta Lloyd thought about the current division of the mortgage market in a country like the Netherlands.

Mr **Hoek** observed that Delta Lloyd had a fairly clear-cut opinion about notional interest rates. He said he did not believe in them and that it was wise to calculate liabilities and price products according to market rates. If you stick to the traditional notional interest rate of 4%, your technical provisions are too low in times of low interest rates such as the present and that is not sensible. Delta Lloyd therefore always works on the basis of market interest rates. This leads to fluctuations, but keeps everybody focused.

Regarding Mr Dekker's second question Mr **Medendorp** replied that the mortgage market in the Netherlands was already a lot smaller than a few years ago, almost a third smaller in fact. To date the banks dominated in terms of market share. You could say that mortgages constitute an excellent type of investment for insurers, because you can easily match them with long-term pension liabilities. This is one reason why Delta Lloyd was interested in the mortgage market. The question as to whether we will see a major shift in this area is not easy to answer. Because you have to take account of banks, which have enormous departments and which are obliged to invest their money. This funding, incidentally, is currently available to them at relatively cheap rates, for instance through ECB loans, and they have lots of options for investing that money. You increasingly see foreign mortgage lenders withdrawing from the Dutch market and these are, almost by definition, banks. So this part of the market might become available. The way the market is divided will change somewhat in the long term, but not to any great extent.

Mr **Vreeken** asked how Delta Lloyd viewed Amsterdam's candidacy for the Olympic Games and what the impact of Amsterdam's candidacy for the 1992 Olympic Games was. He asked what Delta Lloyd could earn on the candidacy.

Mr **Hoek** gave his personal view on this matter and said that Amsterdam's candidacy for the 2028 Olympic Games looked an ambitious project to him.

The **Chairman** said that Delta Lloyd was good at insurance, but that this subject was somewhat outside of the portfolio, and that it was not for Delta Lloyd to play an active role in this connection.

Mr **Benjamins** seemed to recall reading somewhere that Delta Lloyd had shares in Ajax and asked why Delta Lloyd held these shares and how large the shareholding was.

Mr **Hoek** replied that Delta Lloyd had held 7% of the Ajax shares for some time now. The shares were bought at a fairly low price and it was an extremely small shareholding in proportion to the large investment portfolio. There is little liquidity in Ajax shares. The shares were something to cherish, like the things you value at home. And that's precisely what Delta Lloyd did.

The **Chairman** closed the agenda item and proceeded to item 3 on the agenda.

### 3. 2011 financial statements

#### 3.a. Proposal to adopt the financial statements for the 2011 financial year and treatment of the loss (Resolution)

The **Chairman** said that the 2011 financial statements had been approved by the Supervisory Board. The financial statements and other information were set out from page 153 of the Annual Report. The financial statements had of course been audited and the auditor's report was

presented on page 365. The Chairman gave the shareholders the opportunity to ask questions on the financial statements.

Mr **Keyner** pointed out that page 176 stated that Delta Lloyd entered into contracts that were expected to be loss-making and asked for comments and whether this included *banksparen*.

Mr **Roozen** replied that this specifically concerned new insurance business. If you asked too low a premium, under the IFRS accounting policies you immediately had to form a provision.

Mr **Keyner** asked why you would sell an insurance product that you already knew would be loss-making, or did they involve products that were sold years ago and later proved to be loss-making.

Mr **Roozen** reported that in principle Delta Lloyd sought to do profitable new business. It could be that an expensive guarantee was given in the past and this required additional reserves.

Mr **Keyner** asked if margins were so low on *banksparen* that no profit at all would be made on it for the time being.

Mr **Roozen** replied that the profitability of *banksparen* is measured in a different way. With insurance, you have to think of embedded value; this is not an issue under bank reporting rules. However, if *banksparen* has a higher interest rate, the margin will be lower compared with a swap. You can sometimes reduce the interest rate with *banksparen* depending on the contract with the customer.

The **Chairman** said that the vote would be held on the 2011 financial statements and gave the floor to Mr Visser.

Mr **Visser** explained how the voting worked and moved to the vote. He announced 100% in favour and 0% against and so the resolution had been adopted unanimously.

The **Chairman** confirmed that the meeting had adopted the 2011 financial statements and moved to the second part of agenda item 3.

### **3.b. Explanation of the policy on reserves and dividends**

In accordance with the corporate governance code, the policy on reserves and dividends was presented as a separate agenda item. The Chairman announced that Mr Hoek would give brief comments on this policy, which was described on page 363.

Mr **Hoek** explained that Delta Lloyd Group's dividend policy was aimed at a dividend pay-out ratio on ordinary shares of around 40% to 45% of the yearly net operational result, taking into consideration the anticipated profitability over the three-year management planning period. By considering current and expected profitability, Delta Lloyd aims to achieve an appropriate degree of stability in dividend distributions in order to limit the impact of any short-term fluctuations in profits. Delta Lloyd aims to deliver a stable and progressive annual dividend and to have a regulatory solvency ratio in the range of at least 160% to 175% of the minimum regulatory requirement, in order to maintain the dividend policy.

The **Chairman** noted that there were no questions on the policy on reserves and dividends and moved to item 3.c.

### **3.c. Proposal to pay dividend from the reserves (Resolution)**

It was proposed that, on the basis of the operational result after tax and non-controlling interests, an amount of € 175.2 million should be distributed as dividend from the freely distributable reserves, meaning that Delta Lloyd would be paying € 1.03 per ordinary share. After deduction of the interim dividend of € 0.42 per ordinary share paid in September 2011, this left a final dividend of € 0.61 per ordinary share. The shareholder could elect to have the dividend paid out either wholly in cash or wholly in shares. The stock dividend would have approximately the same value as the cash dividend and would be charged to the share premium reserve. The chairman referred to the details in the notes to the agenda and called for questions. Noting that there were no questions, he moved to the vote.

Mr **Visser** announced that the result of the voting was 99.81% in favour and 0.19% against. Consequently, the resolution had been passed.



## 4. Granting of discharge

### 4.a. Proposal to discharge the members of the Executive Board in respect of their management during the 2011 financial year (Resolution)

The **Chairman** noted that this vote concerned the proposal to grant the members of the Executive Board a discharge from liability, insofar as the performance of their duties was disclosed in the financial statements or was apparent from information otherwise communicated prior to the AGM. The chairman noted that there were no questions.

Mr **Visser** announced that 99.31% had voted in favour of the proposal and 0.69% against, and so the resolution had been passed.

### 4.b. Proposal to discharge the members of the Supervisory Board in respect of their supervision during the 2011 financial year (Resolution)

Mr **Visser** announced after the voting that 99.31% had voted in favour of the proposal and 0.69% against, so that the resolution had been passed.

## 5. Composition of the Supervisory Board

### 5.a. Announcement of outstanding vacancies

The **Chairman** stated that there were nine seats on the Supervisory Board and that the current membership was eight. Ms Boumeester had reached the end of her four-year term of office and would therefore retire at the end of this AGM. A vacancy had arisen as a consequence of Mr Holsboer's retirement during his term of office on 27 September 2011 and so the enhanced right of recommendation of the Delta Lloyd Works Council applied. Consequently, there were two vacancies on the agenda today. Mr Moss had resigned shortly before the meeting and there was a different procedure for this. Today's voting was on the reappointment of Ms Boumeester and filling the vacancy for Mr Holsboer's position.

The vacancies had to be filled in accordance with the Supervisory Board membership profile that had been drawn up. Candidates to fill the vacancies had been sought on that basis. A Supervisory Board member of course must have certain knowledge, expertise and experience.

### 5.b. Opportunity to recommend the appointment of a member to the Supervisory Board.

The AGM was given the opportunity to recommend candidates for these vacancies. The Chairman stated that he had not received any notification that the meeting wanted to exercise its right of recommendation and so he established that no recommendations were being made for the (re)appointment and moved to agenda item 5.c.

### 5.c. Notification of candidates nominated by the Supervisory Board to fill the outstanding vacancies

Ms Boumeester had stated that she was available for reappointment. The relevant information was given in the notes to the agenda. The Supervisory Board had nominated her for reappointment. This nomination was subject to the enhanced right of recommendation of the Works Council, which recommended the nomination of Ms Boumeester. The nomination was also supported by the Executive Board. Ms Boumeester met the requirements of the Supervisory Board membership profile. With her knowledge and experience, especially in the area of human resources and the social aspects of business, and her own management expertise, she made a valuable contribution to the Supervisory Board. The functioning of Ms Boumeester as a member of the Supervisory Board and chair of the Remuneration Committee over the past four years had been evaluated and was to the complete satisfaction of the Supervisory Board.

The Supervisory Board also nominated Mr Frijns for appointment as a member of the Supervisory Board. This nomination was subject to the enhanced right of recommendation of the Works Council, which recommended the nomination of Mr Frijns. The nomination was also supported by the Executive Board. Mr Frijns met all the requirements of the Supervisory Board membership profile. He had in-depth knowledge and experience in the fields of investment and corporate governance. He was, among other things, professor of investment theory at the Vrije University Amsterdam and chairman of the Corporate Governance Code Monitoring Committee.

Mr **Keyner** said he had doubts about the time Ms Boumeester and Mr Frijns had available, certainly if matters became tense at any time and the Delta Lloyd Supervisory Board membership would require a lot of time. He noted that Ms Boumeester had some ten ancillary positions in addition to her five supervisory board memberships. Mr Frijns too held ancillary positions and supervisory board memberships beyond the standard number.

The **Chairman** understood the background to the question and thought it relevant. He replied that the question had been raised explicitly on both nominations. Before a reappointment is made, the candidate's functioning across a range of matters is evaluated. A key aspect is availability. This had been considered explicitly for Ms Boumeester and the Chairman assured Mr Keyner that there had been no time in the past four years when she had not been available for relevant business of the Supervisory Board that required her attention or time. The Nomination Committee had also discussed this point and reached the same conclusion.

Mr Frijns had also assured us of his availability. He will be assessed on this in the coming period.

Mr **van den Herik** asked if DNB had approved the two candidates for their positions.

The **Chairman** replied that DNB's approval had been obtained for Mr Frijns.

Mr **van den Herik** asked how many four-year terms a Supervisory Board member could serve.

The **Chairman** replied that this was three terms of four years. The governance code contains recommendations on this that we comply with. Any departures are set out in the Annual Report.

Mr **van den Herik** asked if the statement that the Supervisory Board members functioned well meant that they had not been critical enough of the Executive Board.

The **Chairman** stated that the Executive Board did not assess the Supervisory Board members. The Supervisory Board members assessed each other, based on a standard procedure. Once every three years, an independent external specialist expert is asked to perform an evaluation. The Supervisory Board then discusses the results of that evaluation. The Executive Board's views on a given Supervisory Board member are of course requested, but the Executive Board does not have an evaluation role. It is the Nomination Committee and then the full Supervisory Board that reaches an opinion.

Mr **Kan** pointed out that the list of Professor Frijns's activities included a number of financial institutions. He asked to what extent there was a risk of a conflict of interests.

The **Chairman** replied that it had been established that there were no conflicting interests. Mr Frijns would otherwise not have been nominated.

As there were no further questions, the chairman moved to the vote on the proposal to reappoint Ms Boumeester.

#### **5.d. Proposal to reappoint Ms P.G. Boumeester as a member of the Supervisory Board (Resolution)**

Mr **Visser** announced that 97.82% had voted in favour and 2.18% against. Consequently, the resolution had been passed and Ms Boumeester had been reappointed.

#### **5.e. Proposal to appoint Mr J.M.G. Frijns as a member of the Supervisory Board (Resolution)**

Mr **Visser** announced that 99.91% had voted in favour of the proposal and 0.09% against and so Mr Frijns had been appointed.

The **Chairman** congratulated Ms Boumeester and Mr Frijns on their reappointment and appointment and he wished them well and good luck.

The Chairman repeated that following Mr Moss's departure the Supervisory Board still had a vacancy and that filling it would be discussed later.

## 6. Change in the remuneration policy for members of the Executive Board

The Chairman stated that the Supervisory Board proposed that the General Meeting adopted a change in the remuneration policy for members of the Executive Board. This change was prompted by the European regulations adopted by the Dutch Central Bank (De Nederlandsche Bank / DNB) in the Regulation on Sound Remuneration Policies (*Regeling Beheerst Beloningsbeleid Wft 2011*), which had retroactive effect to 1 January 2011.

The proposal did not mean a complete review of the remuneration policy but included only changes to points affected by the regulation. The criteria for the remuneration policy formulated in 2009 remained in place. The changes were confined to an alteration to the structure of the variable remuneration policy. The chairman warned that this was a complicated matter and that details were available in the notes to the agenda. The Works Council had expressed a positive opinion on this change and the chairman called for questions.

Mr **Keyner** referred to page 53 of the Annual Report which addressed severance pay and asked if reasonable severance pay was higher or lower than the level stated in the Dutch corporate governance code.

Ms **Boumeester** replied that Delta Lloyd complied with the Dutch corporate governance code, except that both Mr Hoek and Mr Medendorp had contracts for an indefinite period; they had been agreed long before the Dutch corporate governance code entered into force.

Mr **Keyner** suggested that consideration should be given to abandoning old matters when improvements were being made to the remuneration structure and other benefits, so that everyone on the Executive Board would be rewarded at the same level.

Ms **Boumeester** thanked Mr Keyner for his suggestion.

The **Chairman** moved to the vote on agenda item 6, the proposal to adopt the change in the remuneration policy for members of the Executive Board.

Mr **Visser** announced that 88.68% of the votes had been cast in favour of the change in the remuneration policy with 11.32% against. Consequently, the resolution had been passed.

## 7. Engagement/re-engagement of external auditor

The Supervisory Board proposed that Ernst & Young be re-engaged as Delta Lloyd's external auditor for a term of three years. That meant granting the engagement to audit the financial statements of Delta Lloyd for the financial years 2012, 2013 and 2014. The chairman referred to the notes to this agenda item and the results of the tender set out there.

Mr **Keyner** asked if there had been any major themes during the audit where the auditor would have preferred a different presentation, but which had not been adopted by Delta Lloyd.

The **Chairman** replied that there were no such material themes.

Mr **Keyner** wanted to hear this confirmed by the external auditor.

Mr **de Jager** then confirmed this.

Mr **Keyner** asked if there had been major material matters such as the measurement of liabilities or assets on which the auditor had guided Delta Lloyd in a different direction from what it had originally planned.

The **Chairman** stated that the auditor had not issued any explicit instructions.

Mr **de Jager** replied that the auditor had audited the financial statements as a whole and had issued an unqualified report on the 2011 financial statements, without adding or removing anything. That automatically meant that there were no material matters that the auditor wanted to have changed in the financial statements. He confirmed that the auditor had not issued any explicit instructions.

Mr **Vreeken** complimented all concerned on the immediately preceding debate.

The **Chairman** thanked Mr Vreeken for his compliment and moved to the vote on the proposal to re-engage Ernst & Young as Delta Lloyd's external auditor for a term of three years.

Mr **Visser** announced that 99.8% of the votes had been cast in favour of the proposal and 0.2% had been cast against, and so the resolution had been passed.

## 8. Change of language of financial statements and annual report

The **Chairman** reported that hitherto Delta Lloyd had officially drawn up its annual report and financial statements in Dutch and then translated them in full into English. As English was the main language of international finance and as the vast majority of its shareholders were English-speaking, Delta Lloyd now proposed to switch to drawing up the annual report and financial statements in English. A comprehensive Dutch summary would be prepared. The chairman referred to the notes to this agenda item.

Mr **Velseboer** wondered if there would be a request to change to German next year if Aviva sold its shares to, say, Deutsche Bank. He argued that our culture was being thrown away and that this was a Dutch company where Dutch was spoken. He said he would vote against, as he thought it a pity that Dutch culture was being discarded.

The **Chairman** replied that this was an explanation of voting behaviour rather than a question but that he thought Mr Velseboer was entitled to a response.

Mr **Hoek** stated that the change of language was in line with the policy of controlling costs and efficiency and avoiding errors. The language in use at Delta Lloyd is Dutch, but the main users of the Annual Report do so in an English context. All in all, this is a sensible decision.

Mr **Verhagen** asked how much it would cost to prepare only an English version rather than a Dutch one.

Mr **Roozen** replied that he was not talking about printing and suchlike, but that it would save EUR 200,000 just in working expenses. These costs were mainly for translating and updating all the regulations in the Netherlands.

Mr **Verhagen** said he was very sad that this was being proposed at all and that this would mean the shares would never become "popular shares".

The **Chairman** replied that he understood Mr Verhagen's point, but there would be a comprehensive Dutch summary of the main points required in an annual report.

Mr **Kan** asked if the meeting would be held in English next year.

The **Chairman** stated that the meeting would be held in Dutch as usual and that English speakers would be able to participate through interpreters.

Mr **Benjamins** asked if a list of contents could be provided as otherwise it would be unreadable.

The **Chairman** promised there would be a list of contents and, with respect and thanks for all those who had commented on this item, moved to the vote.

Mr **Visser** announced that 99.96% of the votes had been cast in favour and 0.04% against. Consequently, the resolution had been passed.

## 9. Renewal of the authority of the Executive Board

### 9.a. Proposal to renew the designation of the Executive Board as the body authorised to issue ordinary shares (Resolution)

The **Chairman** referred to the notes to the agenda. In 2009, the Executive Board had been designated as the body authorised for a term of three years to issue ordinary shares and preference shares. It had also then been decided to grant the Executive Board the power to restrict or exclude the pre-emptive rights in respect of the issue. These powers would end in October 2012. The Chairman proposed to renew this designation of the Executive Board as the authorised body for a period of eighteen months, starting on the day of this meeting. He added immediately that

the authority of the Executive Board to issue shares was limited to the maximum set out in the notes. As there were no questions, the Chairman moved to the vote.

Mr **Visser** announced that 99.48% of the votes had been cast in favour and 0.52% against, with a number of abstentions. Consequently, the resolution had been passed.

## **9.b. Proposal to renew the designation of the Executive Board as the body authorised to restrict or exclude pre-emptive rights in respect of the issue of ordinary shares (Resolution)**

The **Chairman** stated that this item was explained extensively in the notes. As no-one had any questions, the Chairman moved to the vote.

Mr **Visser** announced that 98.41% of the votes had been cast in favour and 1.59% against, and so this resolution had also been passed.

## **10. Purchase of treasury shares**

In 2011, the meeting had authorised the Executive Board to purchase ordinary shares up to a maximum of 10% of the issued capital. This authorisation was for a term of eighteen months and would thus end in November 2012. It was, therefore, proposed to renew the authorisation. The Chairman reported that all details were set out in the notes to the agenda and moved to the vote after establishing that there were no questions.

Mr **Visser** announced that 99.82% had voted in favour and 0.18% against, and so this resolution had also been passed.

## **11. Payment of interim dividend in shares from the share premium reserve (Resolution)**

The Executive Board is authorised, with the approval of the Supervisory Board, to decide to pay an interim dividend. Any such payment is expected to take the form of a dividend with stock option – as in the 2011 financial year – with the distribution in ordinary shares being charged to the share premium reserve. The Chairman again referred to the notes to this agenda item. As no-one wished to speak, he moved directly to the vote.

Mr **Visser** announced that 99.97% of the votes had been cast in favour and 0.03% against, and so this resolution had also been passed.

## **12. Any other business and close**

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

Mr **Velseboer** reported that not all banks and financial institutions had the same compliance regulations and at some a purchase on one day could be followed by a sale 28 hours later. He had heard that the period was 31 days at Delta Lloyd and did not think this was appropriate nowadays. Mr Velseboer asked why this was so and if it would be possible to move into line with other financial institutions on this point.

Mr **Hoek** replied that Delta Lloyd was a major investor and, as a financial institution, was extremely strict with compliance regulations. Delta Lloyd specifically did not want to encourage short-term trading and did not intend, and saw no reason, to do this.

Mr **van Praag** asked how much the voting with the equipment used during the meeting had cost.

Mr **Roozen** said he did not know the exact amount but that the greatest expense was providing the webcast so that the meeting could be watched at home. The corporate governance code stipulates that shareholders and other stakeholders must be given the opportunity to follow the meeting. The access registration system is part of this. It is highly practical to have good registration and the ability to vote with the equipment is more or less part of this. That latter point is important since, as a company, you must clearly state the votes cast on each agenda item. The number of votes for, against and abstentions must be published on the website within two weeks. This information must be obtained one way or another. A show of hands would not give you the number of votes in favour, against and abstentions.



Mr **Tse** asked if the Annual Report was printed on sustainable paper.

Mr **Roozen** replied that it was and stated that the report was available electronically and that the printed copies were on FSC paper.

Mr **Verhagen** asked who the major shareholders were.

Mr **Hoek** stated that there were three publicly-known major shareholders, Aviva, Greenlight, with a reported holding of 5%, and Fonds NutsOHRA with 13,021,495 preference shares A representing 7.2% of the votes.

Mr **Verhagen** asked if the cost of air transport included an amount for bringing major shareholders to the Netherlands.

Mr **Hoek** replied that Investor Relations regularly went on roadshows, usually after the annual and half-year figures. This involved costs for flying.

As there were no further questions, the **Chairman** announced that there was no other business and so the end of the meeting had been reached. He thanked everyone for coming, for taking part and for their contribution to the decision-making.

The Chairman stated that the minutes of the meeting would be available within three months of today; the minutes would be placed on the website. Afterwards, there would be the opportunity to respond to the minutes for three months. The minutes would then be adopted by the secretary and the Chairman.

The Chairman thanked everyone and closed the meeting.