

# Annual Shareholder/Investor Meeting

## Company Participants

- Delfin Rueda Arroyo, Vice Chairman of Executive Board & CFO
- Eilard Friese, Chairman of Executive Board & CEO
- Jan H. Holsboer, Independent Chairman of Supervisory Board
- Jan-Hendrik Erasmus, Chief Risk Officer & Member of Management Board
- Janet Stuijt, Unknown
- Unidentified Speaker, Analyst
- Yvonne van Rooij, Chairman of our Remuneration Committee

## Other Participants

- Joseph Devitt, Audit Partner
- Unidentified Participant, Shareholder

## Presentation

**Jan H. Holsboer** {BIO 1432061 <GO>}

(foreign language)

Ladies and gentlemen welcome to this Annual General Meeting of NN Group. Like last year, you will see that we've convened this meeting here at De Remise in Hague. We've returned to this location because we enjoyed it last year. It's a museum with wonderful trams and features, an illustrious history and ties with The Hague, as does NN.

And there are 2 reasons why today is special. First, one of you has chosen this meeting to celebrate his birthday, which is a well-known Dutch shareholder, Mr. Haideman [ph]. Happy birthday. Many congratulations. And second, this day is special because yesterday we consummated the acquisition and legal merge with Delta Lloyd.

In addition to you, shareholders, I'm pleased to welcome some other guests. And I'm going to introduce them to you. First, our external auditors, Misters David [ph] and Davidson [ph] from KPMG over there. Welcome. And I'm also pleased to welcome our civil-law notary, Mrs. Cremers of Stibbe over there. And of course, a warm welcome to the representatives of the works council representing both Nationale-Nederlanden and Delta Lloyd. And in my script, it says representatives of the press. But I don't remember welcoming any of them. So if there are any, a warm welcome to you as well.

This meeting will be in Dutch. But some members of the executive and supervisory board will speak English because they are not proficient in Dutch. Headsets are available for everybody to listen to the entire meeting either in English or in Dutch. Channel 1 is Dutch. Channel 2 is English.

The presentation featured on the screen is entirely in English. And at the registration desk, you will have received an agenda in Dutch or in English, depending on your preference. The meeting will also be broadcast live via the NN Group website. And I'm pleased to welcome our online guests as well, of course, while all the presentation sheets are also in English. (foreign language)

Pursuant to the law and the articles of association, the shareholders have been convened. And therefore, this meeting may take legally valid decisions. Shareholders have not submitted any proposals to be addressed. The issued capital as of the record date, which was 4 May 2017, consisted of 343,600,608 ordinary shares. A total of 13,949,925 shares were in the possession of NN Group on the record date. So no votes may be cast on those shares, which means that a total of 329,650,683 votes may be cast.

And the report of the present capital present or represented as well as proxy votes cast will be displayed on the screen prior to the first vote. This meeting is being recorded on tape for the minutes to be drafted by the notary.

Proposals from the executive board and the supervisory board, as you -- I'll introduce you to them. But you've seen all the names in front here so I don't need to tell you each and every one of them. To your left is the vice CEO; and next to him Delfin Rueda; and then Mrs. Stout [ph], our group's legal counsel is seated next to him. The other members are members of the supervisory board.

In addition to the executive and the supervisory boards, we have present in this room here, at the center, in front, the other members of the management board: Dorothee van Vredenburg, Satish Bapat and Jan-Hendrik Erasmus, both here for the first time. And Mr. Friese will be introducing them later on. David Knibbe and Robin Spencer, in addition to the CEO and the CFO, they're in charge of general management of NN Group operations. We also have present here at the front to

your right, Mr. Robert Ruijter and Mrs. Clara Streit, both envisaged supervisory board members. And of course, I'm pleased to welcome both of them here as well. I'm very happy that they're attending our Annual General Meeting today because this day has a double significance for them as well because yesterday was the last day that Delta Lloyd shares were traded.

I'm going to elaborate briefly on the procedure at this meeting. As you've noticed, we have an extensive agenda. And I have a strict time limit that's been imposed on me. So when you ask questions and make remarks, please be brief and keep them short and snappy so that everybody can have a chance to speak. And the questions need to relate to that agenda item. Other questions may always be asked later on under any other business. If you ask a question, would you please state your name. And if you're speaking on behalf of the organization, please state the organization's name clearly as well for the minutes.

And the vote -- unlike last year, I may be briefly summarizing the voting item and refer to the far lengthier explanatory notes to the agenda as well as documentation on the website to avert having to read out the entire information each time. Of course, the vote will ultimately relate to the proposal as formulated in its entirety in the agenda with the explanatory notes.

If you have questions as a customer of NN or about an end product (technical difficulty)

Services, please don't ask them during the meeting. Please contact the information desk outside this room. And please switch off your mobile phones.

The voting will be conducted electronically for all proposals on the agenda. And those entitled to vote have been presented with a voting handset and a chip card for electronic voting. And the voting handset and chip card are to be handed in when you leave the area for the last time. But you don't need to do it if you step out for a moment. And we'll be explaining the instructions for the system the moment we're ready to vote electronically.

That was my introduction -- those were my introductory remarks. And now we're going to cover the annual report for 2016. And please see the 2016 annual review, part 1 of the 2016 annual

I'm pleased to hand you over to Lard Friese, who will deliver a presentation about the reporting year 2016, including the financial performance. Adoption of the financial statements for the 2016 financial year will be a separate voting item at agenda Item 4a. Lard, the floor is yours.

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## Eilard Friese

Thank you, Jan. Good afternoon, ladies and gentlemen. On behalf of my fellow management board members, I'm pleased to welcome you to this general meeting of NN Group shareholders.

You know most of us from previous meetings. But I'm pleased to introduce you to 2 new members: Jan-Hendrik Erasmus. You see him sitting over there. Please rise, Jan-Hendrik. Last year, in October, he became our Chief Risk Officer. And previously, Jan-Hendrik was a partner at Oliver Wyman Financial Services. He has worked in insurance risk management and asset management for over 14 years, both in the U.K. and worldwide.

Next to him -- Satish, please rise as well. Next to him is Satish Bapat, who became CEO of our NN Investment Partners asset manager two months ago. Since 2013, Satish was CEO at our life insurance company in Japan. Prior to that, he was Global Chief Financial Officer at ING Investment Management. And later on, he worked as ING Investment Management CEO for a few years in Asia. Satish has worked in financial services for over 20 years, both in The Netherlands and internationally.

Today, we're going to reflect on 2016 together with you. In our 2016 annual report, we took another step toward the integrated reporting, a report where we integrate both financial and nonfinancial information. We think it's important to give a comprehensive impression of the results of our company to reveal how we create value for all our stakeholders. Of course, our report is perfectly compatible with Dutch legislation IFRS and the G4 guidelines of the Global Reporting Initiative. The annual report consists of the annual review, comprising information about market trends, our strategy and sustainability. In addition, of course, we have the financial report.

Our customers are our central focus. And that's why the annual report is dedicated to securing financial futures. Helping people secure their financial future, that's what we do for them, through ensuring an excellent customer experience with a vast range of financial products and services based on years of relationships with our customers. In the annual report, you'll have read that 2016 was a good and also a special year for NN Group. And you'll see that in these financial highlights as well, our key figures.

In a moment, I'll elaborate on our financial results. But this shows that in 2016, our capital position and our commercial performance, as well as our results, were robust despite volatile markets and ongoing low interest rates. Because we have an integrated annual report, I am pleased to present some nonfinancial highlights as well. Our Net Promoter Score that we use to measure customer satisfaction, among other things, continue to rise. And customer satisfaction -- excuse me, employee satisfaction remained high as well, too, especially considering that, for example, in The Netherlands, we're streamlining our company to be fit for the future. And of course, this impacts our staff. And as the management board, we're keenly aware of that.

Our social program, Future Matters, aims to deliver a positive contribution to society. And we do this by helping young adults improve their financial and economic self-sufficiency. In 2016, we reached out to over 27,000 young adults, serving them with projects and initiatives. And that's a substantial increase with respect to 2015. This year, our staff members provided nearly twice the number of guest lists as during the annual week of money [ph], where students learn more about risks and insurance and how they put that [ph] in practice.

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Sustainability is also cherished by us. It's high on our agenda. And in our report, we deal with it extensively, including in responsible investments.

You see that our assets under management in sustainable funds and mandates have grown by 12% and now equal EUR 5 billion. This increase is thanks, in part, to the supply of new sustainable investment products, such as the NN euro green bond fund. And last year, as in 2015, we operated CO2-neutral by reducing and ultimately compensating our emission by purchasing CO2 rights.

Now I'm going to address our strategy and how we create value for our stakeholders. Let me start with one of our strategic spearheads, which is efficiently deploying capital. And in that respect, 2016 was a year of milestones. In Poland, in May, we purchased Notus, a financial consulting firm that enhances our distribution by adding more than 350 agents in franchises that add another 600 consultants. We sold one of our brokers, Mandema & Partners, as well as our Irish reinsurance portfolio in December 2016.

We made a recommended offer for all issued shares of Delta Lloyd, aiming to combine Delta Lloyd with our Dutch and Belgian operations. To give you a broader perspective on this acquisition, I'd like to take you a bit -- back a bit further than 2016.

Reflecting on the developments to make NN Group an independent company, I would identify 4 stages in recent years: the first was preparing for our flotation on the stock exchange; second, continuing to strengthen our business units in all countries where we operate; third, preparing for the Solvency II regime; and fourth, ensuring that our capital generates better returns.

The first stage, preparing stock flotation, was a huge step for many people in our company. We had to abandon the ING brand and the successes that we achieved together with the ING Bank. Our top priority was to draft an independent future, to demonstrate to the markets, our shareholders, our customers and our staff that we have a solid foundation that enables NN Group to be successful standalone as well.

After the IPO in 2014, the second stage started. And the focus shifted even more empathically to customers and to strengthening our business units there. Our 11,500 staff members worked day after day to deliver excellent services to our customers. NN Group was able to prove that it was a profitable company with a strong capital position and units that perform well and contribute to the results.

Implementing Solvency II, the new capital regime for insurance companies in Europe, was our main focus in the next stage, as was solidifying our balance sheet by generating capital. We established a solid foundation. But also had to determine how we'd be able to grow the company in the future. And that's quite a challenge, given the current economic circumstances.

In recent years, the financial industry faced a lot of challenges, such as high cost, shrinking markets, stiff competition and tighter regulations. Low interest rates add pressure to financial companies. Consolidation is, therefore, regarded as a response to these trends and is increasing stability on our markets. Thanks to our strong financial position, we were in a position to take the first step in that process.

The question was, who are we going to team up to make this happen? Which partner is the most suitable? At first, we analyzed all possibilities in Europe. And, ultimately, got back to our domestic market in The Netherlands, which was the best option for several reasons, because -- in part because we really know this market well. Delta Lloyd turned out to be the most attractive partner for us.

As for combining 2 companies, that often involves emphasizing the differences between the 2 companies. But I prefer to focus on the similarities. And there are similarities aplenty between

Delta Lloyd and NN Group. First, our history. Both companies were established in The Netherlands in the 19th century. Delta Lloyd became part of Aviva. NN became part of ING. Both companies were previously listed on the Amsterdam Stock Exchange and, after a brief absence, returned to the stock exchange, Delta Lloyd in 2009 and NN Group in 2014.

So the companies as they are today are relatively new. But both command respect and have distinctive features. Delta Lloyd is enterprising and commercial. NN features expertise and solid foundations. We believe that these features are nicely compatible and are convinced that NN and Delta Lloyd will be good partners and face an auspicious future.

By combining Delta Lloyd with the Dutch and Belgian operations of NN Group, we are aiming to establish a sustainable, profitable company and to reinforce our leading edge by combining the best from both organizations in a single company; a company where all specific experience, talents and cultural aspects that are part and parcel of our history and are still characteristics of both companies and -- are accommodated here; a company in which the best of both our corporate strategies converges; a company that creates value for all stakeholders, customers, shareholders, staff, business partners and society; and a company dedicated to protecting what our customers cherish most of all.

Now you'll have followed the acquisition process through press releases and the media. But now we've acquired all shares of Delta Lloyd. And the senior management has been appointed in April. In The Netherlands and Belgium, we had about 65 meetings to inform staff members about the upcoming integration and gave them the opportunity to ask questions. I'm sure you can imagine that staff members are interested to hear what will happen with them and with their jobs. And we can't answer this question at this time because we have just started integrating the operations. NN Group and Delta Lloyd together will become a strong Benelux player, with greater leverage and scale in the pension and nonlife markets in The Netherlands and Belgium.

Another benefit of the acquisition is that we've acquired additional distribution capacities, including the OHRA brand, which is well positioned in direct sales; as well as a joint venture with ABN AMRO that will give us access to a valuable successful bank insurance channel; and of course, the partnership with CZ, enabling us to sell health care insurance to customers without absorbing the risk. We're also expanding our scale and leverage considerably in banking and asset management. And we aim, through this new combination, to solidify our position in sustainability by building on to the operations and results of both companies. By integrating Delta Lloyd and NN Group, we envisage creating cost synergies and generating higher cash flow. We expect this to lead to an increase in the dividend in 2018 and, consequently, creating value for you as our shareholders.

We also create value by innovating. This strategic spearhead is intended to improve customer experience to make interaction with customers more intuitive and contemporary and to work more efficiently. Innovation will help strengthen our companies and will make us optimally fit for the future. In 2016, our focus on innovation unleashed a wealth of energy. And we achieved fine results for our customers. On this slide, you'll see a few examples of our performance in innovating our products, distribution and processes. In the annual report and on the website, they are explained in detail. And that's why I'll say just a little bit about them now.

And because most of the people in this group are Dutch, I'll start with some examples from our domestic market. For the -- in the Dutch organization, our strategy revolves around the following core concepts, digital services that are personal and relevant. And that strategy is bearing fruit. We now have all our products featured in the NN app. And that's important because people check an app 10x frequently as they do a website. Interactions with customers are dramatically on the rise. And the data that this generates for data analysis are even more personal and relevant to help our customers.

And we are also very careful to protect our customer data and privacy. We are in a better position to generate customer profiles and to serve customers in different ways. This is an example for

consumers looking for new car insurance. 3 people with different desires and needs surf our customer site for an appropriate insurance. Based on our data and their surf practices online, the Nationale-Nederlanden website will automatically accommodate them. Customers who care mainly about price. So a low premium will see a different website than customer -- or web page than customers who prefer reliable brand or quality. So very extensive cover.

Then through the Brickler app that facilitates buying a house, you can look for owner-occupied homes, match them with your partner to see if the purchase is financially feasible. And you can compare mortgage lenders. In purchasing homes, the Brickler app is positioned between a bank and a real estate agent.

Then there's the Dutch Cyber Collective, which is an initiative we launched with different parties last year and is affiliated with the Dutch inland revenue service. The Dutch Cyber Collective is a comprehensive league dedicated entirely to reducing cybercrime for Dutch SMEs. Recently, you'll have heard about Gappie in the media. Gappie is an app for an innovative car insurance that accommodates the sharing trend, which, in this case, would concern car ownership -- shared car ownership. If the party borrowing the car has a claim, then Gappie will process that claim without contacting the insurance and no claim of the owner.

And many of these initiatives originate from Sparklab, which is our innovation center in The Netherlands. And we intend to set up similar innovation centers in 7 other countries where we operate. We recently launched a Sparklab in Hungary and Turkey. And Sparklabs are soon to follow in Spain and Japan.

As for the strategy of our foreign insurers, our focus is on profitable growth. Innovation of customer perception is paramount in this. So Nationale-Nederlanden in Spain had a paper-free sales procedure that dramatically cut the cost of sales. And this is now being implemented in our companies in Poland, the Czech Republic and Slovakia. In Japan, our agents are now using a modern, intuitive service platform that continues to improve our services and is improving relations with our distribution partners. Sometimes, innovation is very practical and customers really appreciate them.

Last year in Belgium, after a severe storm and severe flooding, we started a mobile office that could help customers in difficult situations and process their claims very quickly. We received 40 awards in 2016, demonstrating appreciation for our initiatives. In Greece, we were elected best life insurance company. We were company of the year in Romania. And in Japan, our call center won the award for excellent after sales service for the third consecutive year.

NN Investment Partners, our asset manager also won several awards, including a cash Innovation Award and a Cashcow award for the best online asset manager. The strategic focus at NN Investment Partners is on creating relevant solutions for retail and for institutional investors. And this is how we accommodate ongoing digitization, such as robo-advice. NN IP also expanded its selection of sustainable solutions by launching various new innovative funds, such as in shares in fixed-interest securities as well as in sustainable multi-asset funds.

Now the financial review. In 2016, NN Group had an operational ongoing business result of EUR 1.2 billion, which was down 14% with respect to 2015. To understand this decline properly, we need to consider that the 2015 operating result benefited from higher private equity dividends we received to the tune of EUR 220 million compared with EUR 72 million in 2016. In addition, the operating result for 2015 had significantly higher technical margins in Dutch life insurance, whereas, in 2016, we experienced a negative impact of EUR 31 million in nonlife claims. I'm sure you remember that storm in the last week in May and the first week in June.

Now bottom line. So the net result. You'll see that the annual result declined by 24% with respect to 2015. And that largely reflects the lower operating result I just explained. In addition, there was a

higher negative hedge result in the closed block VA in Japan because of increasing market volatility and a negative result on divestments, offset in part by higher nonoperating items.

Now on to capital management. Our balance sheet is robust. And our priority is to keep it that way. Solvency II ratio increased from 239% at the end of 2015 to 241% at the end of 2016. This rise reflects the positive impact of the operating return of 19percentage points, offset by capital influx to shareholders to the tune of EUR 919 million, which achieved an impact of 17percentage points. Well the capital flows to shareholders include the proposed final dividend for 2016.

Now the cash position of the holding. That was up at the end of 2016, reaching EUR 2.5 billion. The free cash flow throughout 2016 exceeded EUR 1.3 billion, driven by dividends received from all business units. This was offset in part by EUR 812 million in capital that was refunded to shareholders through cash dividend payments and the share buybacks performed throughout the year.

In January 2017, we successfully spent EUR 500 million on senior unsecured debt as well as some EUR 815 million in deferred loans. The proceeds of the deferred debt were used to repay the hybrid loans with ING Group in January. The returns on the senior debt were used in May to repay a hybrid loan of that same amount. And last week, we also issued a dual-tranche senior note for a total amount of EUR 900 million to repay the bridging loan that we used to finance the acquisition of Delta Lloyd. (foreign language)

The annual earnings growth, 5% to 7% per annum, on average. (foreign language) 25% since the Third Quarter of 2015. The third graph concerns return on equity and our aim to increase that in the medium term. And we succeeded in that, 7.1% in 2013 and 8.1% in 2016.

Realizing these targets allows us to make free cash flow available for you, shareholders. In 2014, the free cash flow was lower than the net operating result, whereas, in both 2015 and also in 2016, free cash flow exceeded the net result.

In three years' time, we generated total free cash flow of EUR 3.2 billion and, in total, a net result of 9 -- EUR 2.9 billion. So this in accordance and in line with our purpose and our target. Our dividend policy is focused on delivering regular dividend of about 40% to 50% of net operating result of the continued operations. Furthermore, we will be paying out surplus capital to shareholders unless we can invest that capital in different ways in order to create shareholders value, such as, for instance, the acquisition of Delta Lloyd.

The main thing, however, is to carefully consider the strategic possibilities and opportunities, on the one hand; and on the other hand, the current and expected positions of both capital and cash and cash equivalents. And finally, it is and it continues to be essential to be a well-capitalized company and to have a prudent financial policy.

Our proposed final dividend for 2016 that is being proposed to you on the agenda today amounts to EUR 0.95 per ordinary share. And along with the interim dividend of EUR 0.60 per ordinary share, the total dividend for 2016 amounts to EUR 1.55 per common share. Our dividend payout ratio, therefore, amounts to 51% of NN Group's net operating result of continued operations in 2016. Including the proposed final dividend, NN Group, in total, paid out EUR 2.1 billion to shareholders since the IPO in July 2014.

On the next slide, you will see the development of the share price in 2016. Total shareholder return amounted to 4% in 2016. And if we look at it in the period since our IPO in July 2014, we see that it amounts to 74.4%. So that sums up 2016.

Now we are more or less halfway 2017. And 2 weeks ago, we published our quarterly figures. You will see the highlights on the slide. NN Group showed a strong result in the First Quarter 2017.

Operating result of continued operations increased by 33% as compared to the First Quarter last year. All business units contributed to the increase of operating results.

Every day, we make major effort to offer our customers excellent service, to innovate our products and also to improve the structure of our business. And in the First Quarter, this is reflected in higher sales numbers for insurance products. But also the EUR 2.1 billion net inflow of third-party assets. So those are third parties that have trusted us with their money, being NN Investment Partners. But it's also reflected in the EUR 1.1 billion that Nationale-Nederlanden Bank provided in terms of new mortgages. And furthermore, we continue to focus on increasing and improving our efficiency. And cost cuts in The Netherlands will help reduce our total cost basis.

Our balance sheet continues to be strong with EUR 3 billion cash capital at holding level and a Solvency II ratio of 238% for the NN Group, excluding Delta Lloyd. The pro forma Solvency II ratio of the NN Group, including Delta Lloyd, is estimated to amount to about 180% at the end of the First Quarter. Our capital management remains unchanged and is disciplined, our priority being a strong balance sheet and a strong capital position.

We'd also like to comment on the revised Dutch Corporate Governance Code. On the 8th of December 2016, the monitoring committee corporate governance handed it over to the minister of economic affairs. Assuming that the revised codes will enter into force this year, it will be applicable to the financial year 2017. All listed Dutch companies will have to report on the compliance of the revised code for the financial year 2017, for instance, about focusing on long-term value creation, strengthening risk management and culture as part and parcel of corporate governance. The governance of NN Group is mostly in line with the revised code already. And where necessary, we'll be taking the measures in order to make sure that on -- at the very latest, on the 31st of December 2017, we will fully comply with the revised code.

I will conclude. I hope I've given you a complete image of the NN Group and our performance in 2016, of our strategy, our performance and how we wish to stand out from competition and how we prepare for the future. Our values: We care, we are clear and we commit, are and continue to be an important guideline. At this point, we have 2 priorities. We are working with joint forces to a successful integration of Delta Lloyd in order to realize the desired synergies. And we're going to continue to actively manage our balance sheet and our strong capital position.

Yesterday, Delta Lloyd and NN jointly announced to take the last -- to have taken the last legal step in the acquisition process. The notarial deed for the legal manager has been executed before a notary public. And that means that the merger has become -- has come into effect today.

Yesterday was the last trading day for the shares of Delta Lloyd. And together, we will now join forces to work on the integration of Delta Lloyd and the Dutch and Belgian operations of NN Group. In August, we'll be publishing for the first time the consolidated figures for the combined group. And on November 30, 2017, at the Capital Markets Day, we'll be presenting a more detailed strategic update.

Despite the fact that integration will mainly take place in The Netherlands and Belgium, integration is a very important trajectory for our entire company, our international company, because it's a multifaceted company and we can strengthen that even further because, jointly, we'll be more capable of anticipating market movement and social and technological developments and changing wishes of our customers.

Together, we can continue to build a company. And our shareholders can count on us. We want to be proud of the company in the future, a sustainable, international company that makes a difference in the lives of our stakeholders. Thank you.



(foreign language)

Thank you, Lard, for this presentation. And now I'd like to ask the shareholders the opportunity to ask questions based on the presentation given by Lard Frieze just now. I don't see the hand raised of the person whose birthday we are celebrating here today. But I do see Mr. Stevenson's [ph] hand raised.

FINAL

## Questions And Answers

### Q - Unidentified Participant

Thank you, Mr. Chairman. I hope the microphone works.

### A - Jan H. Holsboer {BIO 1432061 <GO>}

Yes. It does.

### Q - Unidentified Participant

Yes. Well we've done our best to study the annual report. And we've seen that there have been quite some fluctuations over this past year. You sold Canada, your subsidiary. And in the IPO of ING Life, it turned out that the numbers were incorrect. So you have to take a provision for that, increasing the spread 50 basis points through state bonds. And solvency declined 37 points. It used to be 32 last year. And we also calculated a drop in the capital market, negative impact of 12%. A year ago, it was 10%. And nonetheless, you want to realize operational growth. Now we're wondering how you're going to generate that growth. And of course, you're going to be joined by Delta Lloyd. And I have an interim question on that. Will you be presenting the joint figures but also the individual or the separate figures? Because that way, we can have a clear picture of what's going on in 2017 at a later stage. Yes. Then there was this bid on CZ. You mentioned CZ yourself, this medical insurance. While there was a lot of discussion and upset here in The Netherlands, customers don't want shareholders to make money over their -- on their backs and to get dividend. Well we're getting dividend from NN. But we're getting the impression that customers don't really agree with that. So we'd like to hear from you whether you're trying to maneuver in such a way to make -- to increase your returns. Policies and new products now, well, you said a few words about that. Do you use the platform as a service? How does that work with you? As a services...

The interpreter is not quite sure what the shareholder is saying. [ph]

I mean, the policies that you can get directly easily. Then the bond that you referred to last week, Fitch, S&P was to make a rating for that. Do you know anything about that? I think you wanted to send it to BB+ or; or something along those lines. So the insurance branch of NN Life in Luxembourg, that struck us. You're selling life tech -- life insurances. But you are holding onto your Asset Management. Now we're wondering, what is that you sold exactly? Because without Asset Management, you don't have life insurance and the other way around. I mean, that's what I experienced in the past. It used to -- things go hand in hand, life and assets. Then about all these rules and regulations on -- issued by the government, compliance, we would like to know how much money this is costing you and how many unnecessary jobs you are keeping. Well that's our point of view. We're not all that excited about -- do you have many more questions, says the chairman?

Well I'll ask the most urgent questions now. And then, later on, I'll be happy to return.

### A - Jan H. Holsboer {BIO 1432061 <GO>}

Shall we start by answering these questions now? That's fine? Okay, Lard, you took note of the questions.

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**A - Eilard Friese**

I did my best. Thank you very much for all your questions. Okay, we'll discuss a number of them. I will answer a number of them. And Delfin, I think could -- you might want to answer a number of these questions as well. So first, you referred to a number of transactions that took place. It might be good to start off with these transactions. We did not sell Canada. We sold something to Canada Life. We didn't have any operations in Canada. So we -- our Irish reinsurance portfolio is sold to a company called Canada Life. And it's important. And we did this because we felt that that was a better owner for this operation than we were. So that's one thing. The second thing you're referring to is another divestment that we carried out. And that is our operation in Luxembourg. In Luxembourg, we have a life insurance company and asset manager. We held on to the asset management operations. You were quite right in saying so and the life insurance operations were sold to a company, an American company that itself also has an asset management branch and that can perform that function, Eli Global. So we sold it, because we, ourselves believe, that according to the portfolio analysis that we carry out constantly, I might add, we always look at the question whether we are the best owner of the companies that we have in our portfolio. The -- our environment, the macroeconomic environment, the political environment, is that attractive enough? Do we have sufficient scale? And if not, can we upscale quickly enough, either on our own or by means of acquisitions? And if it's not possible and if our conclusion is that we're not the best owner, we will then decide to divest the business to another company, which is exactly what we did. And also, if we see a great opportunity to purchase a company, we would also do that. So this is the perspective in which you should see these.

**Q - Unidentified Participant**

But don't you think you strengthen competition?

**A - Eilard Friese**

This was a competitor to whom we're selling our Luxembourg business. And while it's a company that is not active there -- so we sold it to a competitor, an American competitor, yes, correct. But we feel that that company is a better owner than we are. Then you referred to the volatility of financial markets. Absolutely, in the First Quarter last year, we had quite a few Asian jitters coming from China, particularly. Then we had the run-up to the Brexit vote that created a lot of volatility in the stock markets. So yes, there was quite a bit of turbulence in the financial markets. And I would like to point out that as a large investor, obviously, we invest the money of our clients. And we make sure that we are well prepared for such situations. So we have different scenarios that we constantly look at to see what the impact of these situations could be. And we protect our balance sheet in such a way, making sure that we fine tune our assets with our liabilities, making sure that we have a strong solvency position in order to guide our clients through these volatile situations.

**Q - Unidentified Participant**

Nonetheless, your performance was 2% worse than the year before.

**A - Eilard Friese**

In which respect?

**Q - Unidentified Participant**

Let me see.

**A - Eilard Friese**

Do you mean dividends?

**Q - Unidentified Participant**

No. The capital markets had a 12% negative impact and the year before, it was 10%.

**A - Eilard Friese**

Yes. Well last year -- and I highlighted this in my presentation. We had EUR 221 million in private equity dividends that we received, a part and parcel of our investment portfolio. We have investments in private equity, we're a large investor and it's very difficult to predict when these private equity assets generates dividend. I mean, this is not a constant flow of dividends. It's not something you can predict. So results can be volatile and they can be a bit higher one year than the other year. In 2015, it was EUR 221 million. And last year it was substantially lower, substantially less. And that explains the difference. And that is what I tried to explain earlier on. Then if we look at other things that you referred to CZ, the medical insurance company. By merging the operations in the Netherlands and Belgium of NN and Delta Lloyd, we created the possibility that Delta Lloyd had had for years to sell products as a medical insurance company and this medical insurance company is called CZ. In other words, we are not the risk bearer for this product. For this product, we're the intermediary. We're sort of the seller or the distributor, if you will, of the product. So CZ - if your question is, what is the business model of a medical insurance company? Is that attractive or not? Well this is a question that Delta Lloyd need not ask itself, because Delta Lloyd operates as a distributor. And we're pleased that we can proceed with this relationship with CZ. We're very pleased with that and this is one of the elements of the Delta Lloyd proposition. And so we don't run a risk here. No. We don't bear the risk here. Then you asked a question. And I'll make sure that Mr. Rueda answers a number of questions in one go, later on. You asked a question about new products. Will we be able to get policies and get them from the sort of ATM machine? No. It will be even better. You can print out your policies with your computer, from your app, because we're working hard at digitizing our interaction with customers. We're trying to make things as easy as possible. Not using paper.

But establishing a direct relationship. And with all sort of devices, your phone, for instance, your smartphone, as we tend to call it nowadays or websites so that very intuitively, whenever the client wants this, he or she can contact us and is not dependent upon all sorts of paper trails and things. And we're really concentrating on that. And we're taking very important steps. We're using modern technology because modern technology allows us to structure our services in that way. So we're investing in that. And we consider it to be very important. And you asked a couple of questions about the rating of the notes last week. But before we go to that, a question about compliance costs and rules and regulations. I won't -- I can't give you the answer right now about the costs of compliance and rules and regulations. But those costs are enormous. And that is due to the fact that, of course, we're a regulated industry, we operate in a regulated industry that particularly in this period, after the financial crisis and as a reaction to the financial crisis, how to deal with far-reaching rules and regulations, national and international rules and regulations in many, many areas, compliance is just one aspect, thereof. But it also is about -- it's also about capital rules and regulation, many other aspects involved with that. So the cost increased substantially over the past few years and obviously we comply with all these rules and regulations. We make sure that we deal with that as best as possible and as efficiently as possible. But it goes with the territory. And there's a reason that we need rules and regulations. I mean, we want things to be well organized in our industry. We want customers to be well protected and that there are proper rules and regulations so that we can operate properly. And in context with the people who develop those rules, we always highlight that we want to keep things efficient. We don't want rules and regulations to overlap and overlap and overlap. So it's important. Rules and regulations are important. We want people to have confidence in the system. But it's also very important that the system be efficient.

**Q - Unidentified Participant**

Well rules and regulations are one thing. But they're simply exaggerating. An incident happened in 2008. And I don't know how many departments are being set up with all these civil servants that are supposed to develop rules in order to make sure that this never happens again. I mean, you can make all the rules you want. But if a human being makes a mistake, that's just -- it just happens. So as far as we're concerned, many of these rules are superfluous.

**A - Eilard Friese**

Well I wouldn't qualify 2008 as an incident or an accident. It had an enormous impact on many, many people. So I can well imagine that the reaction was that we need to adjust our rules and regulations. The point is, the time has gone by, a couple of years have gone by. And it might be good to apply even more reflection to this matter. Then ask ourselves, which rules are overlapping each other and can we organize things efficiently in order to achieve the same goal. And it's all about trusting the system. And I think that that is incredibly important. Now the next point, because you had a couple of questions. And I want to make sure that we answer all your questions.

## Q - Unidentified Participant

There was a question about the -- what combined numbers will be available and what is historical? And the second is the rating of the bonds last week; and the third one, is the ING Life Korea?

## A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

Okay. So thank you very much. So I think that also you referred at the very beginning of the big changes in our solvency from one quarter to another, that that is a part of the Solvency II requirement. But I must say that you need to look at -- from the perspective that at the end of '15, we had a solvency rating of 239%, at the end of 2016, it was 241% and at the end of the First Quarter '17, it's 238%. And it's true that over the quarters, there's been a lot of impacts as you know, from markets and other factors. But I must say that in terms of the overall level of solvency. But also how this volatility has impacted our solvency, I would give it a positive rating from that perspective. So it's not about setting provisions aside. It's just reflecting how the valuation of our investments impacts our solvency. In terms of the rating of the senior debt that we did last week, let me say that first, there was a lot of demand for them. The ratings basically were for the Standard and Poor's BBB+. And Fitch A-, which is a very good rating for senior debt, which is reflected in the low cost of the borrowing. As the senior debt three years is only a coupon of 0.25%. And the six months is a coupon of also 1.625%. So it is a reflection of the perception of the market on the credit quality of NN. In terms of the situation in Korea, we have said already in the Annual Report of 2015 and in 2016, we had indicated that there is litigation, which is going through an arbitration case. This is ongoing. So we cannot preclude what is the outcome of that. And we have set a provision as you know, against that. But very important to say that this is a legacy matter, if you like, it's not affecting our normal course of business as it relates to a disposal at the time of the sale of these activities to this very party.

## A - Jan H. Holsboer {BIO 1432061 <GO>}

Okay. Well I think that that answers your first series of questions. Mr. Stevenson [ph], I see Mr. Spiner [ph].

## Q - Unidentified Participant

Well I'm delighted that I have fancied at the table. Of course, I have been fascinated to hear the speech by the Chairman. But what he didn't mention was Bitcoins. In Japan, Bitcoins are allowed as a payment means and from enlightened sources, I understand that early in 2016, it was known that the majority of Japan supported the Bitcoin system. My question is when in 2016 did you know that there was a chance that the Bitcoin system would actually be introduced, as of what calendar date did you know this? And the next question was, did you -- have you prepared all the administrative procedures for Japan? But there's another drawback to the Bitcoin, because if you purchase blackish Bitcoin money, how will you avert this from this being the normal Bitcoin or the black Bitcoin money, because there's a black Bitcoin variety? I couldn't find out that information, that's why I'm asking it. And how have you covered yourself against regional tax investigation departments, if they find out that you have accepted the black Bitcoin money? Have you purchased insurance in advance to cover that problem? And my next question about the Bitcoin is whether you were already receiving Bitcoins for your insurance products that you sell or not? And are you already using Bitcoins to make payments? As for your auditing firm, KPMG, have they already had a chance to absorb this innovative Bitcoin system? And how is your -- how are you communicating with KPMG about the Bitcoin system? I didn't glean that information either. And my final question is, if Bitcoins are on the market in Japan, they'll be headed for Europe soon. And will

that -- won't that impact the NN Bank's earnings model or eliminate the NN earnings model altogether? That was all my questions about Bitcoin. Now onto Page 13, from that perfect volume, I'm delighted that there are some rings around it, my compliments for that idea. On Page 13, Mr. Chairman, you write that you've merged with Delta Lloyd. And Delta Lloyd had IX shares. But they had 8.5% shares previously. But when you ended up with the actual shares, you kept the AFM system. And they turned out to amount to only 5.3% or 600,000 shares less. That's quite a pretty penny of EUR 5.5 million, I don't touch on that daily or weekly or even monthly. I don't make that much money. My question is, are you going to use the claw back clause at the Supervisory Board? Because first, they said we hold 8.5% and maybe you based all your assumptions on that. And when push comes to shove, that's only 5.3%. I would think that the Supervisory Board Chairman at Delta Lloyd should be supervising the Delta Lloyd Executive Board. And they should be wondering what went wrong there. So I'm wondering whether he is the right person for you to position at your board table for a good NN organization. And I'll leave it at that for the time being.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you. You get the Bitcoin question, Lard.

**A - Eilard Friese**

Three questions? Well I count seven. Bitcoins. Thank you, Mr. Spiner [ph]. Seven questions about Bitcoin, you're getting one answer. My -- our answer is that we -- all developments in technology, whether they concern Bitcoins or Blockchain, we keep abreast of those developments. And we try to participate or learn or work on them if that's possible. But if you're asking, whether we accept payment in Bitcoins in Japan or other countries or whether we're preparing to use Bitcoins at the NN Bank, we're keeping abreast of all developments. But that is not the case at this time. That's one. Next, IX it's a wonderful football club. Well there were at least 2 awards and Bayern is also a wonderful football club. But we're better. The ladies award was on Saturday and Sunday. I think that both football clubs can look back on a very unusual season. We invest in quite a few companies. Aside from being a club, IX is also a company. And this was an investment from Delta Lloyd's investment portfolio. And we don't disclose information about specific companies we're investing. And not even about companies such as IX, where we do own shares. We've registered those with the AFM, as you just mentioned. But we're not going to disclose anything.

**Q - Unidentified Participant**

Yes. But 600,000 shares disappeared. Do you know where they are?

**A - Eilard Friese**

It's not just IX, very generally speaking, we have a lot of participating interest in companies. If you were to examine our investment portfolio, we're a huge institutional investor. If we have certain percentages, we're required to report those holdings to the AFM. And we entered all that in the register. But as an institutional investor, you manage your portfolio and you have to keep communicating to the AFM if you are below or above a certain threshold and by how much. So that varies. Don't think too much of it.

**Q - Unidentified Participant**

Yes, I understand that. But when they started negotiating, they told you that they had 8.5% of IX. But when push comes to shove, it's only 5.3%. I understand about the need to buy and sell. But initially, in the negotiations, they insisted that they held 8.5% of the IX shares. And when you end up with them, it turns out that the holding isn't nearly as large, that's my objection.

**A - Eilard Friese**

But as I said, I'm not going to elaborate on individual companies that we own shares from. Second, it's not just NN that's an institutional investor. Delta Lloyd is an institutional investor too. And is dealing with exactly the same situation, buying and selling shares is part of the normal course of business. And I cannot tell you any more about this IX investment.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you very much. Mr. Cander [ph]?

## **Q - Unidentified Participant**

I'm Cander [ph] from the VEB. I'm speaking on behalf of the VEB and private investors that gave me a proxy. I have three brief questions that relate to the profitability of the firm, especially -- these questions are especially important because I'm convinced that NN is on the right track. But my question is whether there's enough -- economically, is NN Group generating the maximum returns? If I consider your largest business unit, that's Netherlands Life and that remains very relevant in the NN Group for the time being. In addition to noticing that NN generates most of its profit in Netherlands Life, it has a lot of capital tied up. And that 8.1%, how does that relate to the cost of capital and equity? Contrary to what accountants think, equity is not free. Does that -- does it cover the equity costs in the Dutch life insurance business? That's my first question. Question two, is not so much about how you perform. But how you perform with respect to your peers in a similar sector? I'd like to congratulate you because, in nearly every financial respect, you're outperforming AJUM. Of course, AJUM is many times larger but has not been generating good returns for years. There are other sectors that generate better returns and much better returns, economically speaking. I'm not an insurance expert or a bookkeeper or an accountant, I can crunch numbers. But no matter how you crunch the numbers, left to the right, upward or downward, if you focus exclusively on the Dutch market, which is overpopulated, the ASR generates double the return that the NN Group does. And you can -- whatever calculation method you use, it's like a factor of 1 to 2. And of course, there are past legacies that carry over on balance sheets. But my question is what can NN Group learn from ASR? What is ASR doing better than NN Group? And what should we do in the future? The third and final question about this topic relates once again to that return on equity. I understand that that takes several years. You also carry your legacy with you. And the interest rates are hardly cutting you any slack. But if you wind up in a situation where the interest rates are normal again given long-term and short-term interest rates, what do you expect for the NN Group if we're talking about the 8% or 9% or 10% that the ASR achieved in the previous quarter? Or do you expect the results to be significantly different?

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Did you -- were you able to relate, did you hear them?

## **A - Eilard Friese**

So maybe I'll start and then our CFO, Delfin Rueda, will add on to that. Thank you very much for your compliments that were embodied in your questions. We're pleased to accept your compliments. And I'll pass them onto all the staff because they're doing the work. As for learning from competitors, I'm sure you understand that at this shareholders meeting, we want to talk about ourselves not about the performance by our competitors because this is our shareholder's meeting. What I would like to tell you is that of course, we continuously look at our competitors, not only in the Netherlands but also outside, not only insurance companies, also competitors who might seem less obvious so that we can learn from their best practices to ensure that we improve operations and efficiency and curtail costs and boost profitability. Because no matter what you can learn from competitors and whether or not they're doing things better than you, you'll always have to be open to that. We greatly respect competitors. And we are eager to learn from them. As for your specific question about return on equity and how that relates to the cost of capital, I'm going to pass that one on to Delfin.

**A - Delfin Rueda Arroyo** {BIO 7032761 <GO>}

Yes. Thank you. Mr. Cander [ph], you're referring to return on equity and comparison with other firms. One has to be very careful always when looking at return on equity based on the accounting equity. As you know, for example, NN Group has a significant amount of shareholders' equity, close to EUR 23 billion. However, we also have a very significant amount of revaluation reserve, that is the valuation that -- of our investments above the book value. So when we actually present our numbers externally, we adjust the shareholders' equity to deduct this revaluation reserve to

present it in what is called tangible equity. In any event, I would say that this is a way of looking into good reference and it is very standard in the industry doing like this. But one has to take into account the accounting differences that each company has in the definition of their equity. So when you deduct these amount of revaluation reserves or if you were to look at how under Solvency II our own funds account, that is also approximately EUR 13 billion. And from that perspective, I must say that return on equity that we have covered more or less our return of equity. And as I said, it is important to take into account the difference -- accounting differences.

### Q - Unidentified Participant

I don't know if I understand. So I think that the cost of capital is covered by the return on equity. So that's at least in an economic sense, you're not destroying value. The question really is, what kind of possibilities are beyond that? So that's the last question. And also, answering your question about revaluation, (inaudible) restated for that. Also, some of your competitors have got this not to the extent that you have, I restated that for that. I know ASR, despite this, does have a much higher return on equity than you have adjusted.

### A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

There are many companies with higher or lower return on equity that one has. I think our focus is improving the return on the capital that we use. And that has been the focus so far. And I must say that when I look into the returns that we have obtained, this is the time of the IPO. In terms of the growth in our operating result what that has implied in terms of the return on equity, we are satisfied of what -- of the work that has been done so far. However, there is a future ahead on which all our focus are in increasing profitable growth. And we will work from the current situation to that basis. We had the return on equity on this metric around 8.1%, which is a good return. But we will aim, as you know, to have it better. That depends on the results. As you see the previous year, due to the dividends and you know it was higher. And it is of course, difficult to make any specific prediction about the future of what this will come. To the extent, as you mentioned it yourself, that interest rates increases that make it -- our products more attractive and it will support and help us in this process.

### Q - Unidentified Participant

But at least the cost of capital are currently covered by NN Group in Netherlands Life and Dutch insurance, life insurance?

### A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

Everyone can have his own perception of what is the right return on equity. I think, as you can with reality and from that reality, you improve it. And I must say that for Netherlands IX, it has a good return and it has improved the operating result over the last quarters and years. And that is all that matters.

### Q - Unidentified Participant

The expected return when the interest rates go up?

### A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

When interest rates go up, obviously, as I mentioned before, I think, I covered it partially at least, it will be a positive for the insurance industry as a whole as well as for us. And as a consequence, we just have to see how that performs. But one feature that I also want to highlight is that we are not dependent on our current profitability for the interest rates to go up. I mean, the profitability in 2016 and in 2015 has been based on the interest rates at the level that they currently stand. So if the situation improves, we will improve with it, if it doesn't, it will be a bit more difficult to improve.

### A - Jan H. Holsboer {BIO 1432061 <GO>}

Okay.

**Q - Unidentified Participant**

As a shareholder asking a question, you don't have to tell me more about the ASR. But since the discrepancy is substantial and Mr. Rueda taught me about the revaluation reserve last year. But nonetheless, ASR's score is far higher in terms of return on equity. Rather than understanding why ASR is doing so well, I'd like to understand why your score is so low. So much lower than a competitor in a similar industry with a similar history. So what's the cause?

**A - Delfin Rueda Arroyo** {BIO 7032761 <GO>}

I think, you see what is the valuation of our operating result, what is the evolution of the net profit, what has been the return that shareholders have received in their investments in NN. And that's all that I can judge. I cannot judge or comment on others or how this compares to other competitors.

**Q - Unidentified Participant**

I'm not happy with this answer, to be honest because I understand that you cannot say anything if I compare it to somebody in the pharmaceutical industry or a car company. What I do expect from a serious board, a professional board, who's had a good track record so far, that you're able to explain why there's a huge gap between you and others who've also got a good track record. But who seem to be able in this very difficult environment, certainly in the Netherlands, with lots of competition, with low interest rates or flat yield curve, how is it possible that somebody can be so much more profitable with a much low -- smaller balance sheet than you are, there should be an answer given to your shareholders.

**A - Eilard Friese**

Absolutely. We're not going to talk about our competitors. But I will say something very generally. And maybe that will help you, which is the composition of a company, for example, is important. We are largely a loan liability company. We have a lot of pension business and a very large life insurance portfolio. We have nonlife operations in the Netherlands. But compared with the rest of our balance sheet, they're not as large, just to mention one of our specific features. Other companies may seem different, they may operate geographically on the market. But have a different composition of activities that may be far less capital intensive. You need to consider a lot of different factors. The second factor that is important. And Mr. Rueda already mentioned, those are the accounting decisions, you even mentioned that too. The third important factor is that you need to consider multiple metrics, in my view. If you want to see how a company is doing and shareholders tend to do that. And you'll see that based on how shareholders write about us. In our case, the free cash flow is very important. Because as a company, our free cash flow generation is very important to create a pool of free cash flows that serve to repay dividends to you or share buybacks or if we can apply that capital to boost our returns, we want to be in a position to do that. And if you consider those and compare the different metrics then it's up to you as a shareholder to determine whether we're doing it well enough. And we work hard every day to create as much value as possible for our shareholders along all those metrics.

**Q - Unidentified Participant**

Well to wrap up, this reply helps me a bit more. Of the 3 points you mentioned, I was expecting that the portfolio composition of NN is different and that gets me back to the strategic point, the composition of a portfolio is typically very strategic and is something that you should expect from an Executive Board. So what you could have answered is that you're not entirely satisfied with the composition of our portfolio as NN Group. It was something that was accrued over years and it entails a lot of legacy, for example, perhaps you want to focus on nonlife, that's a very different kettle of fish and that might add more economic value, that's what I was hoping to hear. Well now that you started that one anyway.

**A - Delfin Rueda Arroyo** {BIO 7032761 <GO>}

There are many factors. And I want to highlight one that you're not talking so much, which is the accounting differences between one firm and another. If you want, after the meeting, we can talk a



little bit about it. Because this is not the forum in order to go into details. But those make and can make enormous differences in the way that you calculate that particular metric.

## A - Eilard Friese

Well to wrap up on my behalf, about long-term strategy and portfolio development, of course, we aim for the best possible returns. And we do that with a portfolio that we have. And we've been busy trying to enhance it for quite a few years. We take many approaches. One is to cut costs in nongrowth countries, for example in the Netherlands. Please note that at the time of the IPO, our cost amounted to EUR 1.19 billion and now it's down to EUR 769 million. So we have really curtailed our costs. Second, in the Netherlands, we do have that legacy. So that closed block portfolio. We try to manage it as efficiently as possible and that way we create as much capital efficiency as possible to generate more cash flows to either invest in other operations or fund dividends. And that's how we keep sculpting sustainable improvement in our company to generate the right returns. Mr. Hoft [ph] has been jumping at the bit to ask his question for some time now.

## Q - Unidentified Participant

I'm Marcel Hoft [ph] stand-in from the consumer league and I'd like to call the attention of the executive and supervisory boards and the other shareholders for the position of our constituents, people in Nationale-Nederlanden who have used your investment insurance. The consumer league is delighted that the Nationale-Nederlanden is endeavoring to secure the financial future of its customers. That's a very commendable objective. And NN, undoubtedly, succeeds in some cases. But there's a large group of customers where you did not succeed. That's a large group where Nationale-Nederlanden actually jeopardized their financial future. And their financial future remains in jeopardy. And it's a past that Nationale-Nederlanden has yet to rectify. Nationale-Nederlanden no longer sells those products and has become an entirely different company in many respects. But has not rectified those ghosts from the past. And our constituents are suffering from that. I'm here today to ask you to do that because it's not fair. Customers are forced to go to court and retain solicitors to defend them against the costly solicitors that the Nationale-Nederlanden deploys. In some cases, they even recruit university professors for their defense. Although, in all individual cases, the court has stood in favor of consumers. Nationale-Nederlanden did reach collective compensation arrangements. But they are simply inadequate. So the court agrees with the consumers. But the entire group of people unable to litigate or lacks the money or the knowledge, they don't get justice. Like other insurance companies, Nationale-Nederlanden did reach settlements in the past with individual consumers and did pay realistic compensation involving much higher payments. But like other insurance companies, in these cases, the NN forced those clients, in our view, to keep those settlements secret so that other customers would not benefit from them. Even the Minister of Finance said something about this in 2015. And told the insurance companies to disclose the content of those settlements so that other consumers who have the same products, because in many cases they are the same. And then they can get the same realistic treatment of the people who reached the settlements. And NN did not really accommodate that properly. As a consumer league, we spoke with Nationale-Nederlanden. But none of those talks were effective. So like other organizations, we had to sue them. So we filed a class action suit. What we would really like Nationale-Nederlanden to do is to deliver on its promises for this group of victims that suffered damages from bad products in the past, help improve their financial future. So first of all, I'd like to ask the Executive and Supervisory Boards, when will Nationale-Nederlanden disclose the content of the secret settlements between NN and customers in the past, as the Minister has asked. And second, when will Nationale-Nederlanden give all customers the same treatment if they have the same policies and the Minister says that same cases need to be treated the same way. And we noticed that Nationale-Nederlanden is just not doing that. So Nationale-Nederlanden says, well, there are many different -- a difference between the products. But the products are basically the same in the salient aspects. So NN is hiding behind that excuse. We want NN to stop doing that. So third, when will Nationale-Nederlanden offer reasonable compensation for all the victims, not only for the very small group that can afford to litigate or that reached a secret settlement. That's what I wanted to put forward.

## A - Jan-Hendrik Erasmus {BIO 19801435 <GO>}

Thank you, Mr. Hoft [ph]. Lard?

## A - Eilard Friese

Thank you, Mr. Hoft [ph]. And thank you for your question. Let me start by telling you that we find this most unfortunate that some customers are not satisfied with the product that they purchased from us at the time. And we're doing everything we possibly can to help those customers. I think we need to take stock of what we're doing. First, we believe that the most important thing we can possibly do is to sit down and talk with customers, to bring back an individual solution for the individual problems that those customers face, because it's possible that a lot of things have changed since they purchased those products. Perhaps they were married and are now divorced. Perhaps the purpose that they purchased that product in the past is different now. So we took some measures to help those customers individually.

In 2008, as you know, we set up a compensation scheme. And for the remainder of the term of the entire portfolio at our own initiative. So not as part of the compensation scheme, we cut those costs to 125 basis points. And we enabled customers to switch to other products or to sell their product free of charge or to adjust their product to ensure that it was what they wanted. The most difficult thing is to actually reach the customers and start talking with them. And we've been doing everything we can for years to reach the customers through phone calls, through emails, through letters and appeals. And we're getting better and better at it. We've identified categories. We started with the category of customers holding policies of which the investment results were very disappointing. And we've reached all of those customers by now. And there were also customers with policies for mortgages. And we reached them and we reached all our annuities customers, too. And that's how over time, we managed to reach everybody better and better. And we think that we're doing a lot and that that's the solution, to reach tailor-made solutions for that issue. We don't expect the solution to emerge from legal action. If we are taken to court, that's okay. And our defense is based on having been in compliance with legislation regulations. We have a lawsuit pending between the two of us. I'm not going to elaborate on that. I don't think that would be appropriate in this forum, we will await the outcome. Now about the settlements, it's important for me to say something about that, too.

On our website, we described how we did that. We did reach a few settlements in the past, not that many. And settlements from the past are only in individual cases and if they're suitable for that. And it's always a custom job. We have posted the information on our website. So you're free to see what we're doing about it. As for the nondisclosure clause that you mentioned, yes, that did happen in the past. That was very standard for private look [ph] contracts that if you reach a settlement, there would be a nondisclosure clause. But we discontinued that practice quite a while ago. So we don't have that anymore. Now the conclusion is that, of course, we're not satisfied with the fact that there are still some unsatisfied customers relating to the products they purchased from us. But we're doing our very, very best to find solutions that will meet the needs of our customers and solve their problems.

## Q - Unidentified Participant

If you don't mind me giving a very brief response, you say that, first of all, you're devoting a lot of time and effort to getting in touch with customers and finding a solution for their current insurance, sanitizing that insurance, curtailing the cost and checking whether it still meets their changing needs. And we acknowledge the value of those actions. That's not what we asked about. What you're disregarding in that contact are these sky-high costs that you invoice through that policy that was not mutually agreed. And we would like you to be more open about that. We appreciate your efforts. But we're saying they're incomplete. So they do not mitigate our reproach. As for the information supplied about your settlements, we don't think that that's satisfactory either, because what would really benefit customers would be if you were to explain what the settlements were about and why in those cases, for example, with unit-linked policies, that's a flagship product, what other customers need from those products, they need an explanation as to why the customer with exactly the same product received a much higher compensation than I did, because the other customers don't understand that and you haven't explained that yet.

**A - Jan-Hendrik Erasmus** {BIO 19801435 <GO>}

Thank you. I would just like to point out that this is your opportunity to ask questions. But we're lagging behind our schedule, the schedule that has been imposed on me. We're lagging behind for 45 minutes. Would you like to ask a question?

**Q - Unidentified Participant**

Yes. My name is Thane [ph] from Raz Tech [ph]. Of course, the temperature is -- almost Spanish temperatures. So Mr. Rueda must feel really comfortable along with the numbers that have just been presented. Anyway, I wanted to comment on the question raised by Mr. Kainer [ph]. And I understand that -- and is going to prepare an offer for acquiring ASR. So to solve all those problems. Well anyway, all joking aside, I want to talk about the acquisition of Delta Lloyd, if I may. I do have a couple of questions. Despite the fact that we've been able to read a lot about it in the press, my questions are the following: In which measure was this a voluntary acquisition? In your presentation you also already pointed out that you are looking at all sorts of companies and, apparently, Delta Lloyd emerged from this exercise, it's a fact. And I was wondering also in view of the problems Delta Lloyd already had with the Dutch Central Bank and its relationship with the Dutch Central Bank. And the perhaps somewhat better relationships between the Dutch Central Bank and Nationale-Nederlanden. I'm asking to which measure -- in which measure this was a voluntary acquisition? Fair value, was Goldman Sachs also involved in these developments? Then, I was also wondering whether there is a difference -- a cultural difference between Nationale-Nederlanden and Delta Lloyd. In other words, how can you make sure that all the noises are pointing in the same direction? Won't there be issues between Delta Lloyd employees because of what transpired and the way all this happened? And you also pointed out that the distribution channels that you're very pleased with at Delta Lloyd. I also saw a picture of something that comes from Amsterdam as well, ABN AMRO. I'm very pleased with that. But I'm wondering what are the implications of this for the future? I'd like to hear from you about that. Then, this hasn't really got to do with this. But on YouTube, I saw some advertisements' view. And some of them are really funny. So I would advise you to broadcast them on TV, these commercials that I find on YouTube.

**A - Eilard Friese**

Yes. These commercials, we really enjoy them as well. So thank you for your compliment, in that respect. And we'll check to see whether we can broadcast them elsewhere if that proves to be useful. Now back to your points on Delta Lloyd. The offer that was issued to the Delta Lloyd shareholders is an offer that we jointly announced on December 23. And we did this on a recommended basis. So we agreed with each other. The Supervisory Board and Executive Board of Delta Lloyd put our offer to the shareholders with the recommendation that this was a good proposal. So in answer to your first question, was this voluntary or not? Well it seems to me, it is. I mean if jointly you put this proposal to your shareholders, it seems to me that this is voluntary. Now about the cultural differences, this is a very important issue that you are touching on. Then, as many employees in the Netherlands so does Delta Lloyd and so the aim is to make these 2 companies together a stronger company, a better company than the separate companies. There's loads of talent. And there's a lot of talk about economies of scale, synergies of costs, cash flow and the likes. But personally, these synergies in terms of talent would be the most important element because the other synergies can follow suit after that. So we deal very carefully with the appointments that we're making in key positions. So we're being very prudent here.

Immediately, once the offer became unconditional and once the amount had been settled on Day 1, we appointed management. This is a combination of the management of Delta Lloyd and the NN management. And the selection of the members of the board has got nothing to do -- have nothing to do with whether these people were NN or Delta Lloyd people. We were helped by a consultancy. They made an assessment and we're really trying to get the best talent in the right position. And this is the mentality that we were guided by in other appointments. So the question is not where you come from. No. We make sure that we appoint the best possible talent in the best possible positions and make sure that these talented people work together in order to make sure that we are the strongest party in the Benelux, together. So that's very important. It's very important that you touch upon this matter. Distribution ABN AMRO, yes, this is a traditional

distribution channel. Delta Lloyd has developed this over the years with ABN AMRO. So we're very pleased that this is now part and parcel of our group. And we're going to continue to work on that channel.

Then you had a question about Goldman Sachs. In these complex processes both sides, of course, we use consultants. And by the way, not Goldman Sachs in this case, other consultants and Delta Lloyd also have their consultants. I don't think that's relevant to mention them here. I think that this has already been disclosed. So Goldman Sachs was the consultant for Delta Lloyd in this matter.

### **A - Unidentified Speaker**

Mr. Chairman, can I propose that this be the last question under this subject matter? Otherwise, once again, we will be finishing the meeting very, very late.

### **Q - Unidentified Participant**

I'll try to be brief. Hans Yahar [ph] is my name. I am representing the Association for Investors in Sustainable Development. We appreciate that Nationale-Nederlanden is taking onboard sustainability ideas in the investments that they have been doing over the past few years. And later on I'll be commenting on the merger with Delta Lloyd. Delta Lloyd did have the guts to make sure that the number of sectors that weren't doing well in terms of sustainability, that they be excluded or in any case, they had stricter rules for those sectors. Last year, we asked questions about this. And I was referring to utilities and co-mining operations. We would appreciate it if these good points, these good things of Delta Lloyd be taken over by Nationale-Nederlanden and that you integrate these stricter rules in your own policy. And I'd like to hear your opinion on that.

Furthermore, we consider it very positive that you added responsible investment in your materiality analysis. This is a good beginning, a good start, a good step. Perhaps, what we haven't seen is the next step and I hope that's a step for next year that you would also formulate KPIs to that effect because I think that a company such as yours would use KPIs in order to check to see whether you are achieving your goals or not. So the question is -- and be prepared to establish a target percentage for sustainable investments for next year and to report on that. Third point, about carbon neutral. This is the second year that you're carbon neutral. We'd like to compliment you for that. But we have not seen a reference to the Paris Agreement. Well this one guy in the U.S. denies that there's a problem. I assume you won't want to follow him and that you'll want to establish your own course. And we hope that next year we'll find some reference or some opinion of yours and some views of Nationale-Nederlanden in terms of the Paris Agreement. Now at a more micro level, your operations in the Netherlands and your CO2 emissions in the Netherlands and your composition, therefore, that struck me, that transport is very important in your company. I don't know how you, as the Executive Board, arrange for your transport. But I could well imagine that if you set a good example that that would be appreciated in your company and possibly others would follow suit. But it always starts by setting the example yourself. Now last. But not the least, living wages is what you are referring -- you're not referring to living wages in your documents. But you do see this as a risk in 2 sectors, this living wage, in food production and in software. Well if you point out that this is a risk, I assume you would try to mitigate this risk. But we haven't been able to find anything about this in your annual report and perhaps, you could shed some light on that. That's all.

### **A - Unidentified Speaker**

Thank you, Mr. Yahar [ph]. Mr. Friese?

### **A - Eilard Friese**

Thank you, Mr. Yahar [ph]. Let me start with -- because somewhere in your comments with the compliments for the progress that we are making -- thank you very much for those compliments. It's a journey. Sustainability is very important to us. It's a journey. And we keep taking baby steps. And we see your constructive remarks as an encouragement. Let me start by commenting on the acquisition of Delta Lloyd and the way we see the practices at Delta Lloyd. NN Group and Delta

Lloyd, both of us attach great importance to corporate governance. And both companies are working to embed CSR in the company, in the business. And we apply the same instruments, ESG, environmental, social, government integration, active shareholdership, making sure that you use your shareholdership actively. And restrictions, we also have restrictions and also offering specialized sustainable products and services.

Now in order to make sure that we can strengthen the implementation of our investment policy. And then publish it and develop so-called guidance papers. And we do this on the basis of the subjects of the UN Global Compact. We've published a couple of them over the past few months. We will continue to do so. I'll mention one later on. We published one on human rights in the summer of last year. And also on the environment, which we did very recently. Delta Lloyd also has a policy on specific sectors and topics. And these topics have very often -- also been included in the NN papers. But over the next few weeks and months, we will -- because we've just finalized the acquisition, we're just going to compare the policy of both companies and take a detailed look at the policy and the implementation of the policy. What exactly have both companies done. And I'm sure that we will be learning from each other. And we will be building on each other's big -- best practices. Give us a bit of time because we've just finalized the transaction.

In terms of the materiality analysis, your second point. On Page 45 of the annual review, we published a number of nonfinancial targets and KPIs. So we reported on those. Go for a responsible investment has also been included, growth of assets under management in sustainable funds and mandates and growth of the offer of sustainable products. Now 12% was the increase in 2016 of assets under management in sustainable funds and mandates. And as I said in my presentation, we have 3 new sustainable funds: Europe Green Fund, Global Sustainability Opportunities Fund and the Patrimonial Balanced European Sustainable Fund. So these are 3 new funds that we have introduced. And we will be continuing that in the future. Your third point was the footprint, climate and I'll be commenting on that later on, don't worry.

As far as the Paris Agreement is concerned, we have mentioned it in our environmental paper. So I just wanted to highlight that here. Now how are we going to clarify the impact and an impact analysis. In order to take responsible decisions, we have to have good and full information. The asset managers are working closely with the South Pole Group, a renowned organization as you know. And now they have detailed business analyses concerning emissions and other environmental information such as water and waste. Apart from that, we see that our understanding has improved of environmental risks and opportunities and the investment spend. We're also able to provide our clients with an appropriate report on the ESG operations in order to comply with the current need and future need for information. A number of investment funds are already reporting on the footprint of the investments in the portfolio. And we intend to expand this further. Also, working on an analysis of the carbon footprint, the major part of the investments that are in our so-called general account, this analysis is part and parcel of the recommendations of the task force, our climate-related disclosures. And we intend to publish these analyses shortly over the next few weeks. So there's progress here.

Then, living wages. I have said before that we are developing guidance papers based on the topics of the UN Global Compact. And I just mentioned 2 that we published last year and recently. And we are also working on this subject on living wages. And we have a guidance paper in which we will be addressing this subject. And we'll be publishing it later this year. So you can expect that. Now I still love you [ph] in answer to your question about our transport. Unfortunately, he is retired. No. It's not unfortunate because he's enjoying his retirement. The predecessor said its preferred. He traveled a lot. But -- he cycled to the office and most of the board members live far away from the office. So unfortunately, we'll have to use other means of transport. And we also travel a lot internationally and since distances are large, I mean, we have no other option than to take a plane. So we try to do that as efficiently as possible. In other words, if we don't have to travel. And if we, for instance, can hold meetings by Skype or video, telephone conferences. And if we can avoid an international meeting and traveling, we will do so. That helps a bit. But unfortunately, our work means that we've got to travel a lot. And of course, we're trying to set the example as much as possible. But I must admit that sometimes it's unavoidable that we need to travel by plane.

**Q - Unidentified Participant**

My experience dates back to the times I worked for Philips under CEO, Mr. Timmer. And at some point, he said we've got to cut cost. And then all of a sudden it turned out that it wasn't necessary to travel that much and that you could talk to people by electronic means. Mr. Frieze?

**A - Eilard Frieze**

Well indeed, I remember Mr. Timmer said that but -- and technology is fantastic in that respect. It really helps us so much to reduce travel. So it helps enormously. But still we need to travel a lot.

**Q - Unidentified Participant**

Do you drive on electrical car?

**A - Eilard Frieze**

No, not yet. A hybrid car.

**Q - Unidentified Participant**

So you've still got some room for improvement.

Chairman, last question for this topic. I have one question on Page 28. I read that NN Group has a relationship agreement with one of the major shareholders, RRJ Capital, too. And I'm wondering what this implies. Are they allowed to nominate a member of the Supervisory Board? Or are they not allowed to purchase more shares to increase their participating interest?

**A - Unidentified Speaker**

Your name, please?

**Q - Unidentified Participant**

Mr. Tape [ph].

**A - Eilard Frieze**

Well that's an easy question to answer. RRJ Capital, because that's what we're referring to here, is a very large shareholder by the way. This party was a shareholder from the very beginning and still is a shareholder of the NN Group, it's a major shareholder. We have a relationship agreement with them. And they have no other rights in terms of governance of the company. So they're no different than that any of the shareholder. I think it's important to highlight that. Mr. Chairman?

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**A - Jan H. Holsboer {BIO 1432061 <GO>}**

Well ladies and gentlemen, as we said, we're 1 hour behind on schedule. So we can proceed to Agenda Item 3, which is the implementation of the remuneration policy for the financial year 2016. This is not a voting item, it's just a matter for discussion. I'd like to refer to the Remuneration Report as included in the financial report Pages 23 to 27 and Note 49 in the financial statements, as included in the financial report on Pages 115 and 117. And now I'd be happy to give the floor to Ms. van Rooij, she's Chair of our Remuneration Committee. Yvonne?

**A - Yvonne van Rooij {BIO 16332540 <GO>}**

Thank you, Jan. Ladies and gentlemen, I would like to briefly explain the remuneration of the members of the Executive Board. But before I do so I would first like to make some general remarks on the company's remuneration policy, which is clear, transparent and applicable to all NN

employees. Our remuneration policy with which we, at NN, are able to attract and retain qualified employees were quite aware as members of the Supervisory Board that the remuneration's topic is quite sensitive and is getting a lot of public attention. In the drafting and the implementation of the remuneration policy as a Supervisory Board, we also keep in mind the interest of the different stakeholders of NN Group. So that would be our clients, first and foremost, shareholders, employees and also the society in which NN operates, which is both in the Netherlands and in other countries. An issue here is to find a good balance in which we consider the international nature of the company as well.

We make sure that the remuneration policy as the NN Group supports the long-term goals of the company, which is focusing on clients' interest, solid operation and risk control. And in order to achieve these goals, it's absolutely necessary to attract and retain qualified employees. NN, as an international company. And our standards in terms of quality are very high. And so therefore, we're also looking at the international labor market in order to be able to attract the right employees. Now these are my general remarks in terms of remuneration policy. And now I'd like to zoom in on the Executive product -- Board.

The remuneration policy for the Executive Board has been established by the General Meeting of Shareholders in May 2015 and has been applicable since the 1st of January, 2015. This remuneration policy is in line, as you know, with the law on remuneration policy for financial companies, the WBFO [ph], which means variable remuneration of a maximum of 20%. The fixed remuneration will consist of 80% of an amount of money and 20% will consist of an amount in shares in the NN Group. And the members of the Executive Board must retain the shares that they receive for a period of five years. And furthermore, they also can claim further conditions, perks and for the pension system, the Executive Board has the same pension system as all other employees of NN.

Ladies and gentlemen, variable remuneration that has been granted for the financial year 2016 are based on the outcome of performance indicators at the NN Group as a whole and individual performance indicators of members of the Executive Board. And these performance indicators are in part, financial by nature and in part, nonfinancial. So when we're talking about financial performance indicators, that would be, for instance, the underlying result after taxes and the cost-cut targets. And when we talk about nonfinancial performance indicators, we would be looking at customer satisfaction, the NPS, for instance. And employee engagement. For Mr. Friese and Mr. Rueda, based on these indicators, we awarded a variable remuneration of 20%. So I'm talking about 2016. And when we established this remuneration, this variable remuneration, the Supervisory Board decided that both members have succeeded very well in realizing a successful implementation of the NN strategy, in other words, creating a solid and sustainable independence company. And they've been able to continue that in 2016. And a very important development that supports this strategy is, obviously, the acquisition of Delta Lloyd. And furthermore, we're also pleased to see that the employee engagement has remained more or less stable. And that customer satisfaction has developed in a positive direction. Now all these elements have been considered when we awarded the variable remuneration. As you know, the Supervisory Board, every year, in accordance with the established remuneration policy, will assess the level of remuneration of the Executive Board in the light of the remuneration of our peers, both in the financial and nonfinancial sector. And of course, we always avail ourselves of the recommendations of our external consultants.

The remuneration policy was established in 2015, as I said. And it was also established that the level would be just below the median of the peer group. Now benchmark regarding remuneration has shown that remuneration of Mr. Friese is far below the median of this group and also remuneration of Mr. Rueda is much below the median of this group. And this difference becomes even clearer and bigger if we take into account the new peer group that we have as a consequence of the acquisition of Delta Lloyd, which is why the Supervisory Board had decided to increase the fixed salary of Mr. Friese as of the 1st of January 2017, to increase it by 10% and as for the 1st of January 2018, an increase of 15%. And thereby we've taken into account the increased size and complexity of the combined NN, Delta Lloyd organization.

As far as Mr. Rueda is concerned, we decided that as per the 1st of January 2017, his fixed salary will be increased by 5%; and as per the 1st of January next year, he will have an increase of 10%. Also, keeping in mind the increased size and complexity. Now I would like to highlight that this increase of salaries of both Executive Board members -- with this increase, the remuneration of both gentlemen is still under or below the median of the peer group. Now the policy that you established in 2015 is a policy that is transparent and that fits these times. It's also a policy in which we can take into account all our stakeholders as well as our long-term goals of our company. Now I'd like to give the floor back to our Chairman.

## **A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you, Yvonne. Would anybody like to raise a question or make a comment? (foreign language) Financial statements. The proposal to adopt the financial statements for 2016, this is a voting item. Please see the financial statements for the 2016 financial year as included in the financial report Pages 31 through 162. And of course, the presentation that was just delivered by Mr. Friese at Agenda Item 2, the financial statements were compiled by the Executive Board in English on 15 March 2017 and were made available since 16 March 2017 on the NN Group website. It was made available for inspection at the head office of NN Group and was available to shareholders at no charge fee. Financial statements have been examined by the auditor who has issued a statement of unqualified approval as you'll find in the financial report on Pages 163 through 171. The Supervisory Board advises adopting the financial statements.

Before I get to that voting item, I'm going to give the floor to Mr. Devitt from KPMG, our external auditor. And please note that the firm has relieved KPMG from its nondisclosure obligation for this meeting. The auditor has a recovery duty, which is that if statements are made that provide a materially inaccurate depiction with respect to the financial statement or the audit statement, KPMG will examine -- will request that this be corrected either during this meeting or before the minutes for this meeting are definitively adopted. The auditor will now elaborate on the audit of the financial statement. You have the floor, Mr. Devitt.

## **Q - Joseph Devitt** {BIO 20039860 <GO>}

Good afternoon, everybody. I'm pleased to take this opportunity to explain our involvement as external auditors. I'm Devitt, I'm an audit partner for KPMG. And I'm the auditor signed off. So you -- the statement at independent auditor's report for the 2016 annual report was indeed signed by me on 15 March 2017. 2016 was the first year that KPMG did the audit, as the Chairman just said. We've been relieved of our nondisclosure obligation. So I'll -- I'm free to elaborate on the audit that we performed. Now, what did we audit.

Pursuant to our instructions, we audited the consolidated and parent company annual accounts in accordance with Dutch law and issued a statement of unqualified approval for these financial statements. Please note that in 2016, we evaluated the quarterly figures of NN Group. And we also issued unqualified statements of approval for these quarterly figures. We also assess the nonfinancial information, often qualified as sustainability information as contained by the NN Group's annual report. And once again, there was a statement of unqualified approval. Finally, the statements by the NN Group in the annual review including those relating to corporate governance, we read them and based on our knowledge and understanding, gleaned through auditing the annual report. We did not see any material conflicts with the financial statements we had reviewed. The legally required information is included in the annual review and we've stated that in our audit statement as well. Now I'd like to tell you what's in our audit statement on Pages 163 through 171 of the financial report statement consist of various elements. Based on our duties, we have concluded that the financial statements offer an accurate reflection of the financial position on 31 December 2016 and the results throughout the year 2016. And these financial statements were drafted based on the assumption of continuous operations and based on our duties, we have concluded that this assumption by the management is appropriate. Then there's something about impartiality and independence of the fact that this was our first audit. Globally, we're independent of the NN Group and all subsidiaries. And that's been the case since 1 October 2015.



I just said 2016 was the first year that we audited the NN Group's annual accounts. And we got off to a timely start and in the run-up to the first year audit, we did additional duty such as attending important meetings with the previous auditor and assessing the records of their audit to understand how they did it and we conducted a lot of conversations with the management and the Supervisory Board as well as with staff of the NN Group and with the regulator (inaudible) and the run up. In our audit responsibilities, we consulted them too. And determining our audit approach materiality is an important concept. And that's been explained in our statement as well.

This materiality level was EUR 120 million in 2016. This is an important quantitative materiality but of course, there are other items where we were more meticulous for qualitative reasons. For example, the recent explanation about the remuneration of the Executive and Supervisory Boards. Of course, those explanations require a high level of accuracy. At the end, we reported all differences observed in writing above the materiality level to the Supervisory and Executive Boards. Now the scope of our work, in addition to being external auditors for the NN in the Netherlands, we're the external auditors for all countries where the NN operates. And we determine where and in what depth the audit is necessary. And we assess the outcome of the auditors and discuss them with our teams on site as well as with local management and the management at the group in The Hague.

In addition, each year, we visit some countries and assess the records of the local audits. This year, we did this in Japan, Spain, Poland and Greece. Our international operations ensure proper coverage throughout the NN Group. In carrying out our duties, we focus mainly on the significant risks. And a significant risk is acknowledged by us as a risk where the discrepancy is of material importance. And we devote special attention to that in our audit. With significant risks, these entail significant nonroutine transactions or matters that would require evaluations by the management. Often they are identified as estimates. And we gained insight into the internal control measures at the NN Group to identify the details of these risks. We also perform specific duties to ascertain that the risks would not ultimately lead to a discrepancy of material importance in the financial statements. The 4 significant risks then carried over to the key audit matters. And we've included 4 in our statement. I'll walk you through them.

First, the uncertainty that the estimate for insurance and control liability for insurance control liabilities then there's -- the access to IT systems and the final concerns, the explanation of Solvency II. There's also unit-linked exposure. And you can read the description of the risks and the duties we performed to mitigate that risk. Our duties provide a foundation to conclude that the annual report, as a whole, provides an accurate impression based on which you may reach your own conclusion.

And I'll hand you back to the Chairman at that.

+++qanda

## **A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you very much, Mr. Devitt. I'm pleased to open the floor for questions and comments. The auditor will answer only questions relating to the audit of the financial statements, the duties of the auditor relating to the annual report and also his audit statement. Would anybody like the floor on this, first Mr. Kaina [ph]?

## **Q - Unidentified Participant**

I'm Mr. Kaina [ph] from the VEB. I have several questions. First, something for the auditor regarding the unit-linked policy they represented from the consumer link. In answer to those questions Mr. Friese responded to that, he said, "We do everything that can reasonably be expected of us and we'd like to put it behind us." Of course, that debate has been ongoing for several years now, not only at the NN Group, I read. And the auditor referred to that as well that there is some possible exposure that might lead to obligations in the future. And that might lead some cases to result in

an outcome less favorable than we hope. Thus far, the auditor said that it was very difficult, if not impossible, to assess the actual exposure from those unit-linked policies so that no provision needed to be taken, nor did any consideration need to be given to calculating the Solvency II ratio buffer, concerning the certainty of the security of the firm. My first question, when there's a high-level of uncertainty, isn't that cause to reserve part of your buffer for that? That's my first principal question. Second, you might say that it's impossible to make a sensible assessment. But we are very relaxed about that. And keeping with what I perceive as Mr. Friese's body language, can we, as investors, rest easy on this? Or should we be concerned that the court cases are actually going to spiral into massive proportions? Perhaps not in one year. But maybe in five years. Can we rest easy about that? Or should we be worried? In then, something that relates more to the audit -- to the auditor who did the audit. And I'd like to refer just some answers I received from (inaudible) concerning profitability. Part of that answer was, well, it's difficult to compare because bookkeeping in the IFRS, it's tricky to interpret that because people have different bookkeeping methods and they make different assumptions, there's no right or wrong. There's a lot of wiggle space there and a leeway. That's my understanding of Mr. Weges [ph] answer. And it does ring a bell. That means that for those who use some financial statements, where mainly lay people as I am, are trying to understand what figures you're reporting, it's difficult for us to interpret whether this is good or bad. Is NN Group a firm that likes fine weather? Or is more cautious and shows the downside but anticipates nice surprises in the next 10 years? That's why I'm going to ask the auditor because I'm sure that he's seen a lot of insurers -- insurance companies in Europe. And they all report strictly by the book, that's why he signs his statement of unqualified approval. All things considered, how does the auditor perform the audit -- view the -- assess the evaluation philosophy of the NN Group? Is it middle of the road? Not very optimistic and not very pessimistic? Or is it a fairly optimistic organization that is nonetheless by the book? Or is it, in fact, a very cautious organization. So that the organization will be still better able to accommodate setbacks? That's my first question for the auditor who did the audit. Second, this is a new auditor, a new company. Are there important areas where you advised the board or the firm to take a different approach, relevant, significant themes? I don't mean that they were wrong in the past. But that you would look at it a different way and use a different method than may have been used in the past.

### **A - Unidentified Speaker**

Thank you, Mr. Kaina [ph]. Your first question was about what we call the unit-linked file. I can assure you that on our Supervisory Board that topic receives exceptionally frequent and intensive attention and the fact that we approve what we publish on that should lead you to infer that we believe in that. If you would like to know more substantive information about this case, I'd have to refer you to the person in charge. And that's Mr. Lard Friese.

### **A - Eilard Friese**

We used two terms that I'd like to retract if you don't mind before I move on to the substance. You mentioned that I seemed relaxed and that I exuded self-confidence. I don't agree with the relaxed part, I do agree with the air of self-confidence, that's because the day after day, we do everything possible to try to get all individual customers to come talk with us. And we look for solutions if they're dissatisfied with the products they purchase from us. And our people do excellent work. So I think that we take them seriously and paying a lot of attention. Are we relaxed about this? No. Are we working on this with self-confidence? Certainly. And we're making excellent progress. Now, about the reservation issue that you just mentioned.

When we were floated on the stock market, we drafted a huge IPO perspective. And that's part of it. And we described this risk at great length and repeated several times in our disclosures, in our annual reports and our interim reports. And each time we provided an update if there was any legal development in this case. So we said at the time that this is a fairly complex subject, as I'm sure you're aware that the products were sold in the '90 s . Not only our products but products that were vastly different. And the difference has increased over the years. It's simply not possible for us to determine whether. And if so, to what extent. There may be an additional financial liability arising from them. We can't determine that through any reliable degree and the reason we can't is because, one, there's a huge complex diversity of products. And second, many cases, they're still pending in court. We did see some rulings in the sector. And in our own cases. But they're far from

straightforward. So we have no foundation for making any reliable statements. So that's why we said, okay, it's a risk, we're going to manage and describe the risk. But if -- and if so, we cannot make a reliable estimate of the outcome. But the risk could be substantial and could be material. We've always said that and we've continually repeated that in our disclosure. So that's why we did not take a provision under IFRS. And if we are talking about the Solvency II contingent liability debate as it's called, you mentioned that, too, because all those aspects that intermingle make it impossible to make reliable statements about that. And as you say yourself, that's why we can't set aside any money for that. So we do what I said we do every day in response to the question from the consumer league and we also -- (technical difficulty)

right here is working incredibly hard with lots of self-confidence towards solving the problems of our customers and this board aims to provide the most transparent possible updates of the reality that it's very hard and entails uncertainties. That's the very best we can do and that's what we're doing. There were two questions for Mr. Devitt.

### **Q - Joseph Devitt** {BIO 20039860 <GO>}

I'd like to follow up on what Mr. Frieze has just explained. This was a key audit matter from the previous auditor and at the end of 2015, we started checking into that audit. It's a risk from the past. So it's important to get off to a good start from the opening balance in 2016. And we have ascertained that it is so obtuse that we simply embrace the opening balance sheet without any provision. And after that, you want to see how the risk is monitored and is involved in compiling the figures for each quarter. Aside from the customers, let's take a look at the legal issues. NN considers not only what's happening in its own cases. But also what's happening throughout the market and what's happening with stakeholders in a great many companies. Outsiders are involved. And we consider this a very cautious approach so that at each reporting date, we're able to check whether we still agree with the conclusion that it's impossible to assess.

So today, we agree with that conclusion. That's why there's no provision and no contingent liability. But it is a very important deferred risk. And that's why it's carefully explained in the financial statements, which after your good night's sleep, you would be wise to read carefully. You see 2 things in the disclosure. One is that it may have a materially adverse effect, that sentence appears there. And the second tries to sketch a timeline when we could expect a clearer picture. And there are 2 moments in 2017 when new facts are supposed to be disclosed and we'll have to assess those on their merit.

Next, a little bit about bookkeeping. This is getting really fun. If you look at different insurance companies, first of all, IFRS offers options. So the choice of accounting policies, that thick part that you'll probably skip at the beginning of the annual report, is very decisive in generating those figures. And if you check Ahum [ph] or ASR or Delta Lloyd or the NN Group in 2016, you'll see huge differences in that section. That's not the same as if you've selected a policy, you need to make assumptions. And that's your other question. How does this happen? As the new auditor, we were very curious about that, too, because that's difficult to see from outside. Of course, we heard some things about the NN Group. But we investigated them in great depth and there are a lot of areas where estimates need to be made. The good news is that you can monitor those estimates over time to get a sense of where NN stands and we devoted a lot of attention to that this year, too. And you can rest easy that we did wrap up the audit with respect to the estimates. And if you'd like me to give you a spectrum range, I'd say that if you use balance for the board, it's between balance and cautious, is the estimate.

### **Q - Unidentified Participant**

Now as the new auditor, of course, we spent the entire year conversing about what struck us. And a lot of things struck us. Aside from all the commotion of training a new auditor, there are a lot of benefits, too. I think you'll notice that there is 1Q audit matter in the audit statement that relates to internal control and that relates to access to IT systems. And that was a point that was not previously qualified. And I can't say how the previous auditor made that assessment. But I know what we believe, which is that a financial institution in 2016 depends very heavily on streamlined IT

technology that is adequately and demonstrably managed. And in the audit, we encountered some deficiencies, that's the word we used in our statement. And additional work is necessary there. As for the additional work that was performed immediately by demonstrating that the other -- in the other operations the risks are limited. And with no additional internal control measures, we complemented that with data measures. So if you can't say that the functions are divided in terms of data that ultimately generate financial information, that's an area of vulnerability. But you'd have to review the transactions to see whether people who have multiple rights abuse them. And that was not the case. So we were able to wrap up that topic for 2016. But of course, neither firm nor we were happy, because we encouraged them to improve and expect they will for 2017.

### **A - Unidentified Speaker**

My compliments for the explanations by the auditor doing the audit. Mr. Spania [ph] you had a question about this?

### **Q - Unidentified Participant**

Obviously, otherwise, I wouldn't be positioned at the microphone. My question is to the auditor. Have you assessed consumer Big Data? Do you see a difference between how consumer Big Data is treated at NN and at Delta Lloyd? That's my first question. And my second question is how did you buy -- what did you think of the record-keeping at Delta Lloyd? And my third question is, are you aware of the share package that Delta Lloyd transferred to NN? In what measure were you involved in the transactions between NN and Delta Lloyd in 2016 and 2017 when you were the auditor? In what measure did they keep you informed about that?

### **Q - Joseph Devitt {BIO 20039860 <GO>}**

Well those are several questions. Let me circumscribe things first. I'm talking about the audit of the financial statements of the NN Group in 2016 up to the events in mid-March 2017. And Delta Lloyd group compiled its own financial statements and had a different auditor, it wasn't KPMG. And their auditor will have to explain that auditor statement. Of course, I'm extremely curious what Delta Lloyd's books look like. But that will figure in our audit for 2017 and our assessment duty. So I told you that we assess the quarterly figures every quarter. I just indicated that the half-year figures are the first consolidated ones at the NN Group, including Delta Lloyd, those are Delta Lloyd. And I'm sure you'll find our statement of -- you'll find our auditor statement there, too. And next year we'll be able to tell you more about Delta Lloyd, specifically, to the extent that matters were relevant for compiling the financial statements in 2016. We've included them. That's mainly a textual explanation. And we've also assessed whether the source documents were properly substantiated.

### **Q - Unidentified Participant**

What about Big Data? Consumer Big Data. Because of course, there's an awful lot of BSN [ph] numbers that would -- might be highly desirable for other people with certain other ideas and not for me.

### **A - Unidentified Speaker**

Weren't you the person who asked the Bitcoin question? Did I remember that correctly?

### **Q - Unidentified Participant**

Yes. I mentioned KPMG, too. And the answer was that Bitcoins are not part of our current processes. So we're going to refrain from them. And that relates to what we determined in the audit. I didn't find any Bitcoins there. But what I did find was a firm management that targets innovation and if we examine how we're going to structure audit, we need to see the firm as a dynamic organization. And that's why last year, with the person who is leading the NN innovation group, I asked him a few times what's on the agenda? What's a Sparklab? All those things that were collaborated previously by the management to show how the company is changing and how that will impact our audit. Of course, in terms of deploying data analyses, we also examine what

the NN Group does from our perspective of how the audit will be effected. So if you're talking about using Big Data to make websites available to customers, that's fascinating but it doesn't relate to our audit duties. At a certain point we have to put that behind us because we focus on what we were recruited to do. But the protection of Big Data that relates to NN and their policyholders.

Can you see how they're protected from the system so that there's no cybersecurity issue?

### **A - Unidentified Speaker**

That's an excellent point. If you read our statement then at the IT section, you'll see that in terms of the information security, that's a very important topic for us because of the information, ultimately, used to compile the financial statements needs to be reliable. And in the cyber context, I call them deep dives and very critical systems. We did those deep dives to see how well the NN Group could deflect those. Thank you very much. I'm especially happy with your final reply, Mr. Stavins [ph]. One more question?

### **Q - Unidentified Participant**

Thank you, Mr. Chairman. Those processes, as the consumer league -- lawsuits filed by the consumer league are starting to bore me. I've had enough of being sued by the consumer league. I can tell based; on the settlement with the interest swaps of SMEs at a certain point, the minister decided EUR 5,000 for each contract and some contracts have been done and dusted a long time ago. But people -- no, it was EUR 50,000, people still got EUR 50,000, then they would take that to an adviser who would them, well that's enough because you've got this and that added on, you should demand EUR 60,000 or EUR 70,000. So then, that staff member has to be asked to consult with a customer to explain the EUR 50,000. And we think that the unit linked policies have the same problem because in the newspaper, we read all kinds of -- read that the unit linked policies have in all cases come to a bad end. But you never read in the newspaper about the unit linked policies that were successful. So we'd like a better understanding of what percentage works and what percentage is "dubious" and how tough are those torques?

### **A - Jan H. Holsboer** {BIO 1432061 <GO>}

Was that your question? In this respect. So it's not specifically to the auditor.

### **Q - Unidentified Participant**

Well I have a question to the auditor about automation.

### **A - Jan H. Holsboer** {BIO 1432061 <GO>}

Now I'd like you to ask your question to the auditor because he's waiting for your question.

### **Q - Unidentified Participant**

You're busy with all kinds of technological innovations, they were not completed, on the contrary, they keep coming and Delta Lloyd is going to be taken onboard as well and I'd like the auditor to explain what leeway there is to make this a success. Because there are 2 processes that will take place simultaneously later on. And is your automation fit to handle that?

### **A - Jan H. Holsboer** {BIO 1432061 <GO>}

As I just said, 2017 is going to be a very exciting audit year as well and what you mentioned, we'll certainly take that on board because we're curious how the new agenda will be implemented. And it's clear that there's going to be a lot of work and also many risks we'll investigate. And for your question about investment insurance, the first section that Mr. Stavins [ph] said, I've explained repeatedly how much we've -- how hard we're trying to accommodate people who are unhappy with a product and we do our utmost to ensure that these people are properly served. We're not happy about the lawsuits and we certainly don't feel that there's a solution. Not at all. We think that

the way to solve them is to sit down with individuals and talk to them to find a solution. We're getting better and better at that. But if we're sued in court then we do what we should do which is that we raise these arguments in the court cases, that was one. Next, your question, your comparison with the SME interest swaps and the like, that does not apply. That's an entirely different case. This case that investment insurance is so complex that a standard solution is impossible because of the multiplicity of complex products and the like. And I'd like to repeat that the solution is an individual interview, that's what we're focusing, on. We're working very hard at that. The solution is not to be found in court. What is bothering us most is that then, there will be new lawsuits about how you calculated costs so that means that you'll need to make public whether you're charging costs and you'll need to determine the rates for those investment policies. And that really goes against our principles. Major point, loud and clear.

### Q - Unidentified Participant

Mr. Friese, two minor questions. And by the way, thank you very much for your explanation Mr. Devitt [ph], you were quite clear. As far as the solvency ratio is concerned, the last quarter, 238% was what you presented. Now how is this established? What I mean to say is, is this an internal model for Nationale-Nederlanden or is it a model that is applicable to all insurance companies? My second question is, just for the sake of clarity, what does it really mean that you signed your auditor's opinion? What does that imply?

### A - Jan H. Holsboer {BIO 1432061 <GO>}

For you or for me says the auditor?

### Q - Unidentified Participant

Both.

### A - Jan H. Holsboer {BIO 1432061 <GO>}

Okay, let me start with your question about Solvency II. The Solvency II rules and regulations are applicable to all European insurance companies, including the Dutch ones. Now that sounds like uniform rules but then there are also other things. It's just like IFRS, you have to make decisions with an existing framework and there are a lot of assumptions that you have to make. Then we'll just speak about modeling the risk. There is a standard formula that has been made in the rules and regulations, that is really the premise for everyone with the NN Group. As Mr. Friese has said in his presentation, has started to prepare for a Solvency II in time and before that the system came into force for the first time in 2017 and NN received the agreement of the government for Partial Internal Model which means that this is a model that focuses on the NN Group. Later on, during the audit, one of the things we needed to do was to see whether the model which the regulator says you can use it, whether that is appropriate and whether it has actually been applied. Well we can say that it indeed has been applied. And for the rest, in the financial statements, you'll find detailed explanations of Solvency II, what it is that is being calculated. It's a complex subject matter and it's novel to you, of course. And it was also novel for us in our audit which is why we highlighted this a bit in our opinion to explain what it is that we're doing. But we feel comfortable that the explanation provided by NN, 241% at the end of the year, that this is indeed the capital position that complies with the Solvency II rules as applicable. There's 1 small caveat that formally, the number becomes final once it's been filed with the regulator and has been agreed upon. But I think that that will be the case.

### Q - Unidentified Participant

What does the signature mean in the auditor's opinion?

### A - Jan H. Holsboer {BIO 1432061 <GO>}

Well let me start with myself. It means closure. Closure of a very interesting and very busy -- but I'm also very pleased that we've been able to conclude it so well because it's very exciting to do this appropriately for such a big client. Not only for me but also a large, large team of people. Also

people -- a lot of dedication and also the people at the NN Group. So I'm pleased that this is behind us now and that we're now in the second year. And now in terms of substance. And this will be more interesting to you, we confirm that our audit is so robust that the picture we get from the financial statements is such that if you read this book properly, you can draw your conclusions on the basis of thorough information.

## A - Unidentified Speaker

Mr. Chairman, thank you. So those were the questions for the auditor, thank you very much. And now, the time has come for us to vote on this item of the agenda but before we can do so, I'd like to hear from the civil or (inaudible) military, how many people are present or represented here today. Perhaps we can show the sheet. Where is it? Is it this one?

## A - Jan H. Holsboer {BIO 1432061 <GO>}

So 211,714,045 votes can be cast at today's meeting.

Is that correct? Good. So now, we shall vote on this item on the agenda which is the financial accounts, 2016, the adoptions of the (inaudible) 2016. Janet, would you like to explain the voting procedure?

## A - Janet Stuijt {BIO 20747468 <GO>}

Yes. Please take out your handsets and your voting card with the gold-colored chip facing towards you. And then insert it into the handset. You will now see that your name appears on the display. Then on the display, you'll see the options to cast your vote. Should this not be the case, please raise your hand so that the hostesses can assist you. I don't see any raised hands. Okay. So if you wish to vote in favor of the proposal, press 1; and if you want to vote against, press 2; and if you wish to abstain from voting, please press button 3.

So we'll now proceed to vote and we will do this for all the proposals individually. The first item we want to vote on is agenda item 4a. As the Chairman just pointed out. The vote is now open and I request you to cast your vote by pushing the button of your choice. As I said, 1 is in favor, 2 is against and 3 is abstention. (Voting)

## A - Jan H. Holsboer {BIO 1432061 <GO>}

The vote is closed now. And we will see the outcome on the screen. So I establish that the proposal has been carried with the vast majority of the votes.

Agenda item 4 billion which is the explanation of the profit retention distribution policy and this is a discussion item. I would like to refer to the dividend policy as published on the NN Group website. As included in the dividend policy, the company intends to pay out a dividend in line with its financial performance in the medium-term and we're aiming for dividend payout ratio of 40% to 50% of the net operating result of the ongoing business. If there are no unforeseen conditions, the company intends to, upon the publication of the results for the Second Quarter, to indicate whether an interim dividend will be paid out and during the AGM, to propose to pay out a final dividend. The company intends to propose a dividend -- an optional dividend, optional to the shareholder, upon deduction of the dividend tax, if applicable, or in ordering shares to the expense of the single premium in order to avoid a dilution effect. Furthermore, the company expects that the capital generated over and above the capital ambition of the company will be returned to the shareholders and thus, this capital can be used for appropriate business goals such as investments in value increasing business opportunities. As was the case this past year, the company will pay out a capital surplus in the form that is most appropriate at that point in time for the shareholders such as special dividends or purchase of shares. With this proposed to pay out dividend, the company will take into account amongst other things, its capital position, the leverage, liquidity position. And the financial regulation requirements and also strategic considerations as well as expected developments thereof. There's no obligation or certainty that

the company shall pay out any dividend. Are there any questions on this dividend or comments? It's not a new item so therefore, there are no questions. So that means we can immediately proceed to the next item on the agenda which is 4c, proposal to pay out a dividend. This is an agenda item for the vote. The proposal to pay out dividend was already addressed in the presentation by Mr. Friese. But now it's a formal point because this is an agenda point that we're putting to the vote. I'd like to refer to the explanatory note of this agenda item as referred to in the notice of the meeting, Page 4. How many shareholders would like to raise a question before we proceed to vote on it? If not, I suggest we proceed to vote on this item of the agenda. Now I'd like to give the floor to Ms. Janet Stuijt.

**A - Janet Stuijt** {BIO 20747468 <GO>}

The procedure is exactly the same. Once again, I request the operator of the voting system to activate the voting system. You can now cast your vote by pushing the button of your choice. (Voting)

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

The vote is closed now and the results of the vote will appear on the screen. So even if we round off the numbers, we see that there are almost no votes against. So thank you for that. I'd like to proceed to the next item which is 5, release from liability to members of the executive board for their respective duties performed during the financial year 2016. And obviously, this is once again a voting item. I would like to refer to the explanatory note in this item of the agenda as published in the notice convening the meeting, Page 4. But before we proceed to the vote, I'd like to ask whether anybody has a question or wants to make a comment on this matter. If not, well, Janet, could you please once again arrange for the vote?

**A - Janet Stuijt** {BIO 20747468 <GO>}

The procedure is the same. I request the operator to activate the system and you can now cast your vote by pushing the button of your choice. (Voting)

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

The vote is closed and you'll see the results on the screen. And I establish that this agenda item 5a has been adopted. Now I'd like to proceed to 5 billion which is a proposal to release the members of the Supervisory Board from liability for their respective duties performed in financial year 2016. Once again, a voting item. I would like to refer to the explanatory note as included in the notice convening the meeting on Page 4. But before putting this to the vote, I would like to ask you whether there's any question or comment on this matter. If not, Janet, could you once again introduce the vote?

**A - Janet Stuijt** {BIO 20747468 <GO>}

Yes. I request the operators to activate the system. You can now cast your vote by pushing the button of your choice. (Voting)

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

The vote is closed. And this item has been adopted. Thank you for that. And now, I'd like to proceed to item 6 on the agenda which is the notice of the intended reappointment of Lard Friese as a member of the Executive Board. Now this is a discussion item. I'd like to refer to the proposal of the explanatory note as included in the notice convening this meeting on Page 5. And I would like to give the following explanation, the term of appointment of Mr. Lard Friese as a member of the Executive Board ends at the close of this meeting. The Supervisory Board gives notice of its intention to reappoint Mr. Lard Friese as a member of the Executive Board as from the close of this meeting for a term of four years which term will end at the close of the Annual General Meeting to be held in the year 2021. The Supervisory Board also has the intention to designate Mr. Friese, again as Chair of the Executive Board and Chief Executive Officer of the company for the same term. With the reappointment of Lard Friese, his membership and chairmanship of the



Management Board of the company will be continued. The Supervisory Board has the intention to reappoint Mr. Lard Friese because of his international experience in the insurance sector, his experience as a board member, combining leadership and entrepreneurship as well as the professional manner in which he fulfills his membership and chairmanship of the Executive Board. Further information will be found in the notice convening the meeting on Page 5. And also on the website of the NN Group. Would anybody like to have the floor for this item on the agenda? If not, well Lard, the Supervisory Board very much appreciates the energy with which you are managing this group. We're looking forward to the continuation of a very constructive and pleasant corporation. Congratulations. So now, on our internal agenda, we have the profile of the Supervisory Board. This is a discussion item. I'd like to refer to the explanatory note as included in the notice convening the meeting, Page 5, as well as the Annex or Appendix A to this explanation. The proposed amendments intend to bring the profile in line with Dutch Corporate Governance Code of 19 -- sorry, of 2016. And Appendix A to the explanation contains the proposed changes. Would anybody like to take the floor on this item of the agenda for comments or questions? If not, we can then proceed to the next item on the agenda which concerns the composition of the Supervisory Board and the proposal 8a to appoint Mr. Robert Ruijter as a member of our Supervisory Board. And this agenda item obviously is a voting item.

## A - Unidentified Speaker

Oh. So you're discussing 8a?

## A - Jan H. Holsboer {BIO 1432061 <GO>}

Yes. The offered memorandum issued on February 2, 2017, regarding the recommended public offer made by NN Group Bidco B.V., a direct wholly-owned subsidiary of the company, to all holders of issued and outstanding ordinary shares and the share capital of Delta Lloyd N.V., includes the intended appointment of 2 members of the Supervisory Board of Delta Lloyd, the so-called continuing members as members of the Supervisory Board of our company. In accordance with this intention, the Supervisory Board announces to increase the number of members of Supervisory Board with 2 members. In accordance with the terms of the offer memorandum, the Supervisory Board hereby nominates Robert Ruijter for appointment as a member of the Supervisory Board which appointment shall become effective as per the date of this meeting. And based on stipulations of the offer memorandum, the term will end on 12 April 2020 for Robert Ruijter. In the notice convening the meeting, you will have found a short resume of Mr. Robert Ruijter with his current positions. You'll see the current positions nowhere on the screen. Mr. Ruijter is nominated for appointment given his extensive experience as a board member with a large number of listed companies, his experience as a supervisory director, his knowledge. And experience in terms of IT and his understanding of social, political and financial regulatory environment in which insurance companies operate. And furthermore, obviously, he has a good understanding of the Delta Lloyd organization. The works council has availed itself of its enhanced right to make a recommendation and has requested the Supervisory Board to consider Mr. Ruijter as the person that they have recommended. Should Mr. Ruijter be appointed to our Supervisory Board, he shall also be a member of the audit committee and the remuneration committee's Supervisory Board. You shall find more information in the notice convening the meeting, Pages 5 and 6. And the nomination of Mr. Ruijter is being made under the condition that the AGM does not recommend any other nominations and does not request the AGM to postpone the appointment in order to be able to make such a recommendation. Should the general meeting avail itself of this right, there will be a separate vote. Prior to this meeting, we did not receive any recommendations. So I take it that the general meeting of shareholders does not wish to recommend any other people or submit a request to postpone the meeting in order to make its recommendations. Mr. Spania [ph]?

## Q - Unidentified Participant

Yes, my name is Spania [ph]. Why is it -- I have a question, why is it that you want to extend your Supervisory Board from 7 to 9 people, whereas the Executive Board only consists of 2 people? And now, it's as if the members of the Executive Board, I mean, it's 1 stands to 4 more or less. So why did you want to increase it to 9 people with 7? I mean, 7 is a good number. I don't really see a substantiation why you specifically say that you need to increase it to 9. I'll just assume, well

perhaps it's the only thing Mr. Ruijter -- I question that, well, I'm ready to believe you there but the other lady, I really don't understand that. So I really fail to understand why you want to increase the number of members of the Supervisory Board. Would you perhaps say well, next year, someone will be the stepping down and we won't be replacing that person, that way, we will be going back to 7, should I see it that way?

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Well Mr. Spania [ph], I just explained in my explanation that this is a consequence of the merger protocol entered into by NN Group and Delta Lloyd upon the acquisition. And I must say, I consider it to be a reasonable -- absolutely reasonable request of Delta Lloyd that they also want to have 2 representatives in our Supervisory Board that can supervise the correct implementation of all the agreements. The merger protocol, you've seen it, it's really a thick document. All arrangements that have been made with respect to this acquisition, they want to supervise that. And obviously Mr. Ruijter and Ms. Streit, when she is appointed, they'll be here without any mandate -- specific mandate but they want to supervise the fact that the Delta Lloyd employees and their interests are properly defended and that means that our Supervisory Board in the case, for the time being, will be extended with 2 people. In the previous item of the agenda, we looked at the profile of our Supervisory Board and we consider it extremely important that the profile as a Supervisory Board be as high-level as possible, as qualified as possible And so we're pleased that with the appointment of these 2 supervisory directors, we can have an even better profile than we have right now.

**Q - Unidentified Participant**

Yes. But you said 2 things. First, you said that Mr. Robert Ruijter would continue on the Supervisory Board until 12 April 2020, after this meeting. So that will be a bit shorter unless you know that the meeting in 2020 will be held on the 12th of April. Then you said for the time being. But what is your definition of time being? One or two years? Does that mean that after 1 or two years, you'll go back to 7? How should I interpret that, your definition of temporary?

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Well for the time being in this connection is that in the merger protocol, we agreed that this appointment would apply for three years so that in any case, they have three years' time to supervise the integration between both companies.

Mr. Stavins [ph], you have another question?

**Q - Unidentified Participant**

This concerns continuity. While I don't object against these 2 new supervisory directors and I won't count them in but still, 7. From the 7 -- of the 7 supervisory directors in 2020, 4 will be stepping down. I don't think that that is very good for continuity. Have you ever looked at your schedule for supervisory directors stepping down?

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Absolutely, we have. We still have a couple of years, it's something that we're paying attention to Mr. Stavins [ph].

**Q - Unidentified Participant**

Well perhaps this year you could have reappointed 1 or 2. And that way you would be moving in the right direction. But this year, there's no reappointment, nobody is stepping down. So it would have stood to reason that you would have started with this, this year.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Yes. But we deal with the mandates and the terms of office and they are what they are. But we have indeed discussed the matter and it has the attention of our nomination and governance committee. Mr. Kaina [ph], please.

## Q - Unidentified Participant

Yes, my name is Kaina [ph] VB. Just for support here, the question that was asked Mr. Ruijter and his colleague from Delta Lloyd. I think it's in the interest of the NN Group to have these people join the Supervisory Board. I mean, let me just explain this. Lots of acquisitions don't work out because you have different cultures and I've seen these acquisitions a long, long time ago when my hair wasn't gray and it was particularly the smaller group, the underlying -- the underdog were considered to be nerds and they didn't really need the smaller group and they just wanted the clients and then wanted to get rid of those employees. So it's important that a regulator body makes sure that -- or Supervisory Board make sure that these people also are also presented. Perhaps if Mr. Friese doesn't have a grip on the situation, that these 2 people can step in. It's extreme incredibly important, it's important for the NN Group, it's important to have a representation of Delta Lloyd. So I absolutely second what you said.

## A - Jan H. Holsboer {BIO 1432061 <GO>}

Okay. Then we will open the vote for this agenda item and I'll ask Janet Stuijt to take care of the formalities.

## A - Janet Stuijt {BIO 20747468 <GO>}

Would the voting operator please activate the system? And you may now cast your vote by pressing the button of your choice. (Voting)

The vote is closed.

## A - Jan H. Holsboer {BIO 1432061 <GO>}

Congratulations and welcome on board. On to agenda item 8b, the proposal to appoint Clara Streit as a member of the Supervisory Board. And once again, this is a voting item, of course. In accordance with the terms of the offer memorandum, the Supervisory Board hereby nominates Clara Streit for appointment as member of the Supervisory Board which appointment shall become effective as of the date of this meeting or if later, as of the date of termination of the -- the term of the appointment of Clara Streit will end on 12 April 2020. In the convening notice, you will find a brief CV of Clara, mentioning her -- mentioning the highlights of her experience. Mrs. Streit is being nominated for appointment because of her extended track record as a consultant, her knowledge of regulatory matters and her experience as a Supervisory Board member, especially in the financial sector. And she is also very knowledgeable about and has a clear understanding of the Delta Lloyd organization. The works council has notified the Supervisory Board that they are not making any recommendations for this position and supports Ms. Clara Streit's appointment. If Mrs. Clara Streit is appointed to the Supervisory Board, she'll also serve on our risk committee and on the Supervisory Board's nomination and corporate governance committee. You'll find more information about this in the convening circular on Page 6. The recommendation of Mrs. Clara Streit by the Supervisor Board is subject to no other people being recommended by the general meeting and the general meeting not requesting any postponement for such a recommendation. If the general meeting does take this opportunity, then there will be a separate vote on that. Prior to this meeting, we did not receive any recommendations and I, therefore, assume that the general meeting does not want to recommend anybody else and does not intend to request postponement to make such a recommendation.

No recommendations have been made for filling this vacancy in the Supervisory Board. I will now place the proposal to appoint Mrs. Streit. Does anybody have any questions or comments on that? If not, then I will open the vote on this agenda item. And I will ask Mrs. Stuijt to take care of the formalities with the voting.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Operator, please activate the voting system. Please cast your vote now by pressing the button of your choice. (Voting)

The vote is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Clara, welcome to the board. And congratulations on your appointment. And on to agenda item 9 which concerns remuneration. 9a is the proposal to amend the remuneration for the members of the Supervisory Board and this is a voting item on the agenda. Please see the explanatory notes to this agenda item contained in the convening circular on Pages 6 and 7. And I'll ask Mrs. van Rooij, Chairperson of our Remunerations Committee, to elaborate on this agenda item.

**A - Yvonne van Rooij** {BIO 16332540 <GO>}

Yes, Mr. Chair. As the Supervisory Board, we aim for a simple and balanced remuneration structure, also for the Supervisory Board. And in light of this, the proposal is to align the present remuneration policy of the Supervisory Board to enhance transparency and simplify implementation and to make remuneration more balanced. In the present policy, the prorated compensation as included in the present remuneration policy has instigated quite a bit of disequilibrium because it was paid in return for additional meetings. That's why the proposal is to commence payment for additional meetings only from the 11th meeting of the Supervisory Board and from the ninth meeting of each committee of the Supervisory Board. The Supervisory Board also proposes a fixed fee of remuneration for these additional meetings rather than prorated, i.e. EUR 3,000 for an additional Supervisory Board meeting and EUR 750 for an additional committee meeting. In addition, the fixed annual fee of Supervisory Board members will be raised a bit as explained in the convening circular. And for the purpose of simplification, the present expense reimbursement per meeting or additional meeting is to be replaced by a fixed annual expense allowance and 1 fixed international attendance fee. The proposed new policy will make for a more balanced payment, greater transparency and a far simpler -- and will greatly simplify implementation and reduce red tape. That was my explanation.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you, Yvonne. Would anybody want the floor on this agenda item? Mr. Spania [ph]?

**Q - Unidentified Participant**

Yes. This is Spania [ph] again. You have just gotten off emergency support for eight months. And why do you need another increase? Because until April of last year, you were receiving all this emergency support. Why do you feel free and clear and entitled to charge more money now? I don't understand that.

**A - Unidentified Speaker**

Mr. Spania [ph], thank you for your question. I'm afraid I have to reply that this is not necessarily an increase. It depends on how much work and how many meetings the Supervisory Board has weathered, there might even be an increase. If you consider what has happened in recent years, this proposal is definitely not an increase. On the contrary, you might even call it a reduction depending on the number of meetings taking place. So I apologize but I have to -- I beg to differ which you're describing this as an increase, it is not.

**Q - Unidentified Participant**

Yes. But the proposal for approval of an increase -- the proposal to approve an increase is the description. That's how I came up with that. It's an increase in the fixed fee but not the total remuneration.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

I just explained to you, it depends entirely on how many meetings take place. Because in the old system, the remuneration was prorated according to each additional meeting. Well the first debate was what's an additional meeting and what's the number to be prorated? When is this an extra meeting, when isn't it? So that led to all kinds of discretionary decisions and we wanted to abandon that. We wanted a system that was easy to implement for the company and that was clear and fair for the Supervisory Board members. Of course, we considered in what measure this compensation is in line with market practice and we feel we're free and clear there. This related to item B in that I have to return again because it does say increase in item B. So 6 of 1, half a dozen of the other. B concerns a totally different topic and Mrs. van Rooij will be explaining that to you in a moment.

**Q - Unidentified Participant**

Okay. I'll eagerly await that. I thought it was one statement.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

No. Now we're talking about agenda item 9A which relates to the amended remuneration of the Supervisory Board, not an increased fee. Does anybody else have a remark or question? If not, I will open this agenda item proposing an amendment to the fee of the Supervisory Board members as described in the convening notice at 9a.

**A - Janet Stuijt** {BIO 20747468 <GO>}

I will open the vote on that. Please activate the voting system and cast your vote by pressing the button of your choice. (Voting)

The vote is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And the proposal has been adopted and we are grateful. The next item is 9b, that's the proposal to approve an increase to the limit of the variable remuneration and special circumstances. Mr. Spania [ph], this is not the Supervisory Board, this concerns employees of the company and this is a voting item on the agenda. Please see the explanatory notes in the convening circular on Pages 7 and 8. And I'd like to give the floor to Mrs. van Rooij as the Chairperson of our remuneration committee to explain this.

**A - Yvonne van Rooij** {BIO 16332540 <GO>}

Ladies and gentlemen, based on the active financial of the WBFO [ph], the actual remunerating policies of financial institutions, there's a limit on the ratio between fixed and variable remuneration for all staff and the suggestion is that the variable remuneration for those employed in the Netherlands may not exceed 20% of the fixed salary. And for those working abroad, the variable remuneration should not exceed 100% of the fixed salary. And as for NN Investment Partners, the asset manager of the NN Group, this business unit is also active outside the European economic area. And in certain countries, no local limits are set on variable remuneration. And their asset manager in the United States and Asia would like to remain as competitive as at present and would like a bit more flexibility to pay salaries to these professionals that are hard to find. That's why we're requesting an exception in the variable remuneration up to a maximum of 200% of the fixed salary for a very carefully circumscribed group of employees, about 25 employed at NN Investment Partners outside the European economic area. And we're talking mainly about the United States and Asia and we're requesting this exception for 2018, 2019 and 2020. And pursuant to the WBFO, this is allowed contingent upon approval by the shareholders. That's why we're submitting this to your vote. Each shareholder at their meeting in May 2015 also approved a similar proposal, which at the time applied from 2015 through 2017. We are extremely reticent in our use of this opportunity and please note that the employees that were concerned in recent years were consistently remunerated within this limit. The remuneration for this specific group of employees is

not being increased as a consequence of this adjustment. And now I'm going to hand you back to the Chair.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Thank you, Yvonne. Does anybody have a question or comment about this agenda item? Mr. Thane [ph]?

**Q - Unidentified Participant**

Yes. Thank you. Does that mean that the eligible employees will be -- will they be reflected in the annual report, the numbers?

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

The number of employees...

**A - Unidentified Speaker**

Please use your mic, thank you.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Oh, my mic was off, yes. The policy is always accounted for. If we indicate that there were 25 employees in recent years, then in the next few years, we'll do the same, we'll do likewise. Any other questions about this agenda item? If not, then I'm going to open the vote on the proposal to increase the variable remuneration caps in special circumstances as described in the convening circular at 9b. And I'll ask Mrs. Stuijt to take care of that.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Please activate the voting system. Please cast your vote by pressing the button of your choice. (Voting)

The vote is now closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

This agenda item has been adopted and we are grateful. Now, on to agenda item 10 which is the proposal to amend the articles of association of the NN Company and this is, of course, a voting item. Please see the explanation in the convening circular on Page four as well as in Annex B of the explanatory notes, the proposed amendments concerning change to legislation and regulations under tax rule amendments and clarifications. Annex B to the explanatory notes has a chart of the current articles of association in the company and the proposed -- and an explanation to the proposed amendments. Does anybody have any questions or comments about this agenda item? If not, then I will open the vote on the proposal to -- and then the articles of the associations of the company as described in the convening notice. And we'll ask Mrs. Janet Stuijt to take care of that.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Please activate the voting system and cast your vote by pressing the button of your choice. (Voting)

The vote is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And this agenda item has been adopted and we are grateful. Agenda item 11 is the authority to issue shares to grant rights to subscribe for shares and to limit or exclude preemptive rights. Agenda item 11a is the proposal to designate the Executive Board as the body authorized to

decide to issue ordinary shares and to grant rights to subscribe for ordinary shares. This is a voting item. Please see the explanatory note to this agenda item as set forth in Page eight of the convening circular.

We have a long-standing practice of placing this item on our agenda. No questions or comments?

Then I'm pleased to open the vote on the proposal to designate the Executive Board as indicated at 11a in the convening circular. And will Mrs. Stuijt please arrange the formalities?

**A - Janet Stuijt** {BIO 20747468 <GO>}

Would the voting operator please activate the system? Please cast your vote by pressing the button of your choice. (Voting)

The voting is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And this agenda item has been adopted as well. Onto agenda item 11b, the proposal to designate the Executive Board as the competent body to resolve to limit or exclude preemptive rights of shareholders when issuing ordinary shares and to grant the rights to subscribe for ordinary shares. This is a voting item on the agenda. Please see the explanatory note about this agenda item on Page eight in the convening circular. Would anybody like to ask any questions or make any comments about this agenda item? If not, then I will open the vote on the proposal to designate the Executive Board as described in the convening notice at agenda item 11 billion and ask Mrs. Janet Stuijt to handle the formalities.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Would the voting operator please activate the system? And you may now cast your votes by pressing the button of your choice. (Voting)

The vote is now closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And this agenda item has been adopted. On to agenda item 12, the proposal to authorize the Executive Board to acquire ordinary shares in the company's share capital. This is a voting item on the agenda. Please see the explanatory notes as included in our convening notice circular on Pages 8 and 9. Does anybody have a question or would anybody like to make a comment? If not, then I will now open the vote on the proposal to authorize the Executive Board as described in the convening notice at agenda item 12 and ask Mrs. Janet Stuijt to handle the formalities.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Would the voting operator please activate the voting system? Please cast your vote by pressing the button of your choice. (Voting)

The vote is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And this agenda item has been adopted. Onto the next item on the agenda which is 13 and is the proposal to reduce the issued share capital by cancellation of ordinary shares held by the company. And this is a voting item. Please see the explanatory notes to this agenda item as set forth in the convening circular on Page 9. Does anybody have a question or comment about this agenda item? If not, I will open the vote on the proposal to reduce the issued share capital by

cancellation of ordinary shares held by the company as described in the convening circular agenda item 13. And we'll hand you over to Mrs. Stuijt.

**A - Janet Stuijt** {BIO 20747468 <GO>}

Would the voting operator please activate the system? Please cast your vote by pressing the button of your choice. (Voting)

The vote is closed.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And this agenda item has also been adopted and we are grateful. Ladies and gentlemen, that takes me to the final item which concerns any other business and closing. And I'm pleased to open the floor for questions and your comments not relating to items previously addressed. Would anybody like the floor? Mr. Kainer [ph]?

**Q - Unidentified Participant**

I'm Mr. Kainer [ph] of the VEB. Very briefly, it's not that I dislike old trends but this is a fairly warm area. Perhaps, we could have the meeting at a different place that's air conditioned.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Point taken. You're not the only ones who feel that way. Mr. Stavins [ph]?

**Q - Unidentified Participant**

Thank you very much, Mr. Chairman. I'm Mr. Stavins [ph] from the SRB [ph]. Delta Lloyd shares are no longer being traded and there was plenty of time to register but I almost made a mistake as well because I opened ING at the ABN AMRO Bank. At the ING, you don't have to take any action whereas, at the ABN AMRO, you do have to take action. Luckily, they warned me at the 11th hour and I'm also representing somebody else who holds quite a few Delta Lloyd shares as well and we ran into problems there too. Is there any possibility that that individual might receive cash after all because what's the conversion compression ratio? Officially, he would be getting NN shares. What's the conversion ratio? He would rather have cash.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Will you take that one, Delfin?

**A - Delfin Rueda Arroyo** {BIO 7032761 <GO>}

The process of the listing of shares of Delta Lloyd finished yesterday. And as from today, the legal measure has taken place. I'm sure that through your broker as you have mentioned or that of your friend, they can basically get the NN shares as they have been calculated or otherwise, any fraction that that has been left that does not correspond to a full NN share will be provided in just. I'm afraid that outside of that framework, there's nothing that we can do separately. But I will welcome to have a conversation with you after the meeting to see your specific case.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

Well we talked about selling them on the stock exchange but the share price was consistently at the acquisition -- left in the acquisition price. Otherwise, that would've been perfectly fine. The point is that he has quite a few NN shares. If you will need to continue discussing this, we could probably do that over -- during the reception. Mr. Thane [ph], I apologize. I didn't realize that you were approaching the microphone.

**Q - Unidentified Participant**

FINAL

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I was standing in a nice cool place. My first remark, Mr. Chairman, is that if three years down the road you run into problems with the scheduled rotation for Supervisory Board members, I'll certainly be available, just for your information. But my real question is in what measure would the management be prepared to deal with a potentially hostile takeover, for example, by a Chinese. We had that experience at a certain football club. You see what's happening Generale in Italy, for example. A consolidation is underway there and this question may not sound so strange if you consider what happened with UEFA and what is now happening with AXA. So I'm -- I could imagine such a situation occurring. Then I have another question. I see Mr. Satish [ph], you're among us and I would like to put a request to him by you because there was a public award for investment funds. And nonetheless, I'd like to ask him whether the customer website is already good but perhaps, he could improve the access feature. And I'm also very curious about the integration with the Delta Lloyd and Nationale-Nederlanden Investment Funds and which team will be covering that.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

And you had another question?

**Q - Unidentified Participant**

Final remark. I understand there were people who had said something about IX class (inaudible) joined the IX and that boosted the IX share price. I don't know whether any of you will benefit on that. Those are my questions.

**A - Jan H. Holsboer** {BIO 1432061 <GO>}

As for your second point, that Asset Management perhaps over drinks, you'll have a chance to talk to Mr. Vapach [ph] himself about that, I'm sure he'll appreciate that. But your first question is very serious and I'm sure you can understand that we regularly deal with that question. And the reason why what happened during the past year did happen. And I think it would be a good idea for Mr. Frieze to give you the official answer on that.

**A - Eilard Frieze**

Mr. Thane [ph], acquisitions are part of economic reality. We see that in daily practice and we engage in the acquisitions too. It can be a very ordinary component of corporate strategy. Of course, the Executive and Supervisory Boards consistently need to serve the interest of the company and also need to assess all the interest of the stakeholders in their decision-making process. So in situations such as these, tranquility and regularity are essential. Tranquility is essential to give Executive and Supervisory Board members the opportunity to investigate approaches or devise alternatives. We have made sure that we have a corresponding instrument at NN invests and that is our continuity foundation that we set up from the get-go. There is a continuity foundation that is staffed by a trio of independent board members. I think one of the board members was briefly present here this afternoon. And those board members can determine when they think it's time to intervene and they have an option right that gives them the opportunity to acquire a majority of the votes, that's 50 minus 1. And that resource tranquility is not indefinite. The case law has allowed that period of tranquility to continue for about two years. That's an important element. In addition, the present corporate governance code applies an 180-day response period that can be invoked if a shareholder wants to put a topic on the agenda of a shareholder's meeting. And that could lead to a strategic change of course.

**Q - Unidentified Participant**

Okay. So the Executive and Supervisory Boards always consider the interest of the firm in the context of the interest of all stakeholders and acquisitions are part of economic reality. And tranquility and the rationally recent consideration are especially important and at the end, as devised instruments to able to carry this out.

**A - Unidentified Speaker**

(inaudible) thank you. Some concluding remarks. The draft minutes will be posted on the company website within three months and shareholders may receive the minutes -- copies of the minutes. You can fill out a request form over at the registration desk. The definitive outcome of the votes will be posted on our website within a few days. And here's the most important topic for some of you. The catering outside will serve appetizers and cocktails. Please hand in your voting handset and the chip card. And no personal data will be stored on your chip card. Before officially concluding the meeting, I have one more point of order which is a special word of thanks to Mr. Haideman [ph] for inviting us to his birthday celebration.

## **Q - Unidentified Participant**

Are you going to send me the bill as well?

## **A - Jan H. Holsboer** {BIO 1432061 <GO>}

I hope you'll have a very happy birthday. And I'd like to thank all those present for coming and for contributing to the meeting. And I look forward to seeing you back next year.

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