

New Year's speech of Niek Hoek, 29 January 2013

Ladies and gentlemen,

I would like to warmly welcome you all to our New Year's Concert. It gives me great pleasure to receive you here in the Concertgebouw on behalf of all my Delta Lloyd colleagues.

In my speech last year I predicted that 2012 would again be largely dominated by financial uncertainties. I think it is fair to say that this prediction has come true. The market conditions have been clearly difficult for the entire sector, including Delta Lloyd. As customers are scrutinising their spending ever more critically, service providers are having to go the extra mile. In addition, the crisis has made the financial markets extremely volatile. Above all, the low interest rate is making things difficult for life and pension insurers. Clearly, interest rate developments have a significant impact on our business activities. For example, we are setting aside billions more for our policyholders because we are calculating our obligations to our policyholders at an interest rate which was halved in 2012. So earmarking the extra funds provides more certainty for our customers, particularly when you consider that the running yield on our investments is a good deal higher than this interest rate. However, setting aside extra money for our customers has affected our equity position. At first glance, therefore, providing extra security for policyholders seems to weaken us, but in fact the opposite is true, certainly from the customer's perspective. To highlight this, we made sure to focus extra attention on these facts during our Investor Day last November.

Ladies and gentlemen,

We cannot influence interest rates, so our business operations are focussed on limiting the effect of interest rates on our short-term results. And it is at least as important to recover and strengthen the trust of our customers. Doing what you promise is really what it's all about. If you say you're going to resolve, simplify or improve things, you have to live up to that promise. Financials that have their house in order can now intensify their focus on increasing their market share. Last year, for example, we were the market leader in new life and pension business. This proves that customers feel we are on the right track. But not only that: according to IG&H we are also the best pension insurer in the Netherlands in terms of service. I am proud of all our staff who have contributed to this performance. And now we must continue the good work. As in previous years, we have also invested heavily in distribution, for example by expanding our partnership with ABN AMRO and entering into new alliances with Deutsche Bank in the Netherlands and with LBK in Belgium.

But in recent years we have not only invested in distribution but also in society. Since 2008, the Delta Lloyd Foundation has supported initiatives designed to promote financial self-reliance and awareness in society. In 2012, over 600 Delta Lloyd employees once again voluntarily used their knowledge and skills to help those less well able to deal with money. The projects ranged from teaching children about money matters to helping people at home to put their finances in order. We also focus strongly on poverty reduction and debt prevention as well as on ways to make women more financially savvy and skilful, even through the women's magazine Libelle! Order and overview are the first steps to resolving financial problems, but what works even better is prevention. This is what we at Delta Lloyd want to help achieve.

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Making a worthwhile prediction about the market conditions in 2013 is difficult. According to the Netherlands Bureau for Economic Policy Analysis (CPB) and the European Commission, the economy will continue to struggle in 2013 and 2014.

I'm worried about the measures that the Dutch government is proposing to take in the housing market. Any requirement that mortgages have to be fully redeemed in 30 years is bound to change the day-to-day spending pattern for most households. They will have less money available for the very expenditure which is so vital to the Dutch economy at present. Measures are certainly necessary, but why don't we look initially at partial redemption? In this way, we could maintain disposable income at a sound level and at the same time limit the risks of excessive mortgage debts. Another concern is the introduction of stricter regulatory requirements. Prudence is fine, but here too we must be realistic. If requirements are tightened up even further, this may in the short term adversely affect lending to our customers and harm the housing market. And this comes at the very moment when it is crucially important to stimulate rather than dampen the economy.

There is only a slim chance that interest rates will fall as much as they did in 2012. I therefore believe that the greatest decline is behind us. And there seems to be a glimmer of recovery in the United States. Not that the euro crisis is more under control, Europe too should be able to capitalise on the economic recovery. If the economy does pick up, this will be very good news for Delta Lloyd and its customers. As you know, I continue to be an optimist.

Delta Lloyd will continue to put customer interest first in 2013. In the present difficult market conditions, a business can survive only if it does everything possible to meet customer needs. Simplification, innovation and transparency of products and processes are essential in this respect. A shining example of innovation is BeFrank, the first Premium Pension Institution (PPI), which was launched by Delta Lloyd Group in partnership with BinckBank in the summer of 2011. Its success can already be judged by the large increase in the number of customers who are not only interested in the transparent and simple products offered by BeFrank but are transferring their pension plan to BeFrank.

Ladies and gentlemen,

For us the year 2013 has got off to a good start. In early January, shareholder Aviva completed the sale of its remaining stake in Delta Lloyd. This successful transfer of the shares was a source of much satisfaction to us since long-term investors in particular demonstrated their confidence in Delta Lloyd. This has reinforced our faith in the policy we are pursuing and enables us to even further expand our shareholder base.

By the way, as you know there's no such thing as coincidence. The theme of this evening's long-planned concert is the hundredth anniversary of the birth of Benjamin Britten. Britten received his musical education in the county of Norfolk, which happens to be the base of Norwich Union, an important part of Aviva. So I think you'll agree that there could not have been a more fitting musical conclusion to Delta Lloyd's British period, with Aviva as major shareholder.

But there's not only British news. Last week we obtained a stock exchange listing in Belgium. This signals the importance of the Belgian market as a second home market for Delta Lloyd. We have been well represented in Belgium for many years with Delta Lloyd Bank and Delta Lloyd Life, and over

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a fifth of our staff works in Belgium. So we're already more than 20% Belgian and we hope that this percentage will increase rapidly, because we're really pleased with our presence in Belgium. We therefore have every confidence in the work performed by our Belgian colleagues in developing our activities there.

Ladies and gentlemen, I wish you a very enjoyable musical evening and extend our very best wishes for a healthy and successful 2013 to you and all your loved ones!

Thank you.