

### The VEB list of key points – for the attention of listed companies

Every year around the end of October the VEB sends out its annual letter to all companies listed on the Amsterdam stock exchange. In this letter, the VEB outlines what it considers to be the key issues which will be raised during the next round of AGMs. The 2013 key points were:

Pensions: the impact of new pension rules and better insight into the risks

#### *Dividend policy*

Better insight into the valuation of assets (goodwill and property)

#### *Pensions*

Companies which offer defined benefits schemes may have found themselves dealing with a significant financial impact following the introduction of new accountancy rules on January 1, 2013.

The VEB has therefore asked companies to include the expected impact in terms of the profit and loss accounts, financial buffers and expected cash-flow in their annual reports.

The companies affected by the changes might, for example, take a one-off loss or include higher pension costs in their financial statements. Previously, actuarial pension losses could be spread over several years but this is no longer the case.

The new rules also mean calculations based on a forecast return on investment which is higher than the actual interest rate used to value pension obligations are no longer possible.

#### *Dividend policy*

In the long term, the dividend forms a substantial part of the return on shareholders' investment.

In turbulent economic times, investors have a greater need for clarity about the sustainability of dividend policy. Information about dividend policy should therefore be more carefully explained and give greater weight to company-specific considerations.

#### *Goodwill*

Companies which make takeovers often have significant amounts of goodwill on their balance sheets. Given the economic downturn, companies implementing the annual impairment test may conclude that the book value of the goodwill can never be earned back.

For this reason, the VEB believes the suppositions made during the impairment test should be clearly formulated.

Essential information currently lacking for investors includes a sensitivity analysis, the spread of the discount rate and, for example, a margin and revenue growth spread in which the book value of goodwill can be maintained.

– which allows the state to intervene at banks considered too important to be allowed to fail. The aim of this procedure is to test the legal basis of the expropriation procedure.

### 3.1.5 The Dutch Central Bank

The VEB has also made formal objections to the Dutch central bank's SREP decision (Supervisory Review & Evaluation Process). This decision, taken on January 27, 2013, required SNS to strengthen its balance sheet by

1.84 billion euro before February 1. This was clearly impossible and led directly to the expropriation.

### 3.2 Fortis

On December 6, 2013, the Supreme Court gave its final ruling on the maladministration claim made against Fortis for the period 2007-2008. The Supreme Court was clear: it upheld the verdict of maladministration made by the Enterprise Chamber of Amsterdam Court and said it had been properly motivated. This ended legal proceedings initiated by the VEB in November 2008. It has now been