Interim financial report 2013

7 August 2013

delta lloyd

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1. Report of the Executive Board

1.1. Developments during the first half

There have been some glimmers of hope for an economic recovery this year, but as markets remain volatile, our business environment continues to be challenging. Most notably for Delta Lloyd, interest rates are still low, although by end June they had risen a little.

Unlike most other insurers, we calculate our assets and liabilities using a marked-to-market accounting method, which gives a more accurate – and more volatile – picture of our financial position. In our risk management, we mitigated the impact of volatile markets.

In Europe, the economic crisis persists. Consumers and businesses in our Dutch and Belgian home markets are wary about spending in the recessionary climate and consumer confidence is low. In addition, house prices in the Netherlands have pursued their downward trend on the back of legislation introduced at the start of 2013, which abolished interest-only mortgages and restricted mortgage tax relief. The Dutch housing slump, as well as strong competition in the Belgian mortgage market, had a direct impact on the number of new mortgages we originated in the first half of the year. The quality of our portfolio remains high, as our focus on low-risk mortgages ensures we have very low arrears.

Company pension fund coverage ratios did not recover during the first half, although there were signs of improvement in the first three months of the year. The average coverage ratio of pension funds in the Netherlands fell to 101% - below the 105% threshold. The pressure on smaller company pension funds to liquidate is increasing (both from a regulatory and an accounting perspective), which improves the market perspective. Delta Lloyd's pension fund coverage ratio is at a comfortable 119%.

Ongoing focus on cost savings and efficiency, consistent pursuit of our strategy, and a customer-centred approach reinforced our market position and ensured a sound financial footing. Delta Lloyd is well positioned to respond to the opportunities arising from changing consumer trends. We have strong brands and our multi-channel distribution approach allows us to sell directly to consumers, via intermediaries, and through all other available and upcoming channels.

Financial performance
Delta Lloyd Group delivered a steady operational performance in difficult markets during the first half of 2013. Our operational result after tax and non-controlling interests is € 209 million, 5% lower than the € 220 million posted in the first half of 2012. The underlying technical result increased, with all business lines contributing positively; however, the lower long-term investment return (LTIR) partly offsets the result. LTIR was down € 30 million before tax, due to a decrease in the Collateralised AAA curve in 2012, which led to a lower equity base and a lower expected return on shareholders' funds. The operational result after tax and non-controlling interests in the Life segment decreased to € 156 million (H1 2012: € 186 million), mainly due to the lower LTIR. The General insurance operational result after tax and non-controlling interests increased to

€ 41 million (H1 2012: € 31 million), due to a release in unearned premium reserves partly offset by an increase in claims reserves. The Bank operational result after tax and non-controlling interests increased to € 10 million (H1 2012: € -8 million), due to higher interest margins and lower expenses. The Asset Management operational result after tax and non-controlling interests decreased by € 2 million to € 21 million (H1 2012: € 23 million), due to lower fee income at Cyrte, despite lower operating expenses. The Other operational result after tax and non-controlling interests decreased to € -19 million (H1 2012: €-12 million), mainly due to a non-recurring release of the run-off provision for the health business in the first half of 2012, partly offset by a positive result of health label activities, lower external staff expenses and improved LTIR.

The IFRS result after tax and non-controlling interests was € -103 million (H1 2012: € -942 million), reflecting underlying capital generation through improved technical results and a stable running yield (at 3.6%), offset by a pension charge and market variances in our fixed income and equity portfolio.

We maintain our 2013 objective to increase the operational result by 3%, compared to last year's operational result.

Regulatory group (IGD) solvency rose to 184%, well above our target range of at least 160-175%, and 7 percentage points higher than the 177% of year-end 2012. Based on these results, we set an interim dividend of € 0.42 per ordinary share (H1 2012: € 0.42 per ordinary share).

Equity and solvency

Delta Lloyd Group uses the Collateralised AAA curve to measure the value of the majority of its insurance provisions under IFRS (International Financial Reporting Standards). Our periodical analyses of the representativeness of the applied curve have shown that the long end of the Collateralised AAA curve, comprises a very limited number of constituents. In practice, for longer durations there is currently only a single French bond. This is not representative (and creates an undesired dependency) and thus no longer tenable. Therefore, Delta Lloyd Group has decided to transfer to another market interest rate curve for the valuation of long-term liabilities. The decision concerns an adjustment of the extrapolating method of the Collateralised AAA curve by using an Ultimate Forward Rate (UFR).

The 10-year point of the Collateralised AAA curve (with UFR) at half-year 2013 is 2.38%, an increase by 39 basis points compared to year-end 2012, mainly due to a general increase in interest rates. The performance of the fixed income portfolio was impacted by the interest rate derivatives, which are used for limiting the interest rate risk of the liabilities.

Delta Lloyd's capital position was affected by market conditions. Shareholders' funds decreased to € 2.2 billion from € 2.3 billion, due to the negative IFRS result and market variances. In the first half of the year, market variances resulted in a decrease in the value of assets of € 1.2 billion. This was not fully compensated by the decrease in the value of insurance liabilities and investment contracts (€ 592 million), due to the movements in the Collateralised AAA curve.

Based on more traditional accounting principles generally used in the insurance market, shareholders' funds would have been € 3.0 billion (year-end 2012: € 3.3 billion). From 1 January 2013, the application of IAS 19R is mandatory for all companies, hence in the framework for traditional accounting we corrected the comparative 2012 figures (pension correction). Delta Lloyd adopted IAS19R from 1 January 2012.

The capital position of Delta Lloyd Group remains of a high quality with a high share of 'tangible' capital (shareholders' funds excluding, inter alia, goodwill and acquired value of in-force) of 83%. This is also expressed in the IGD group solvency which increased to 184% (year-end 2012: 177%) in the first half, reflecting positive operating returns, a stable running yield and lower credit spread levels.

The average regulatory solvency for the insurance activities rose to 219% (year-end 2012: 212%). The final cash dividend for 2012 (€ 38 million) reduced the IGD solvency by approximately 2%.

On Friday 12 July, ratings agency Fitch downgraded France's debt rating to AA+. As a result, the yield on the outstanding French government debt is no longer included in the ECB AAA curve. This downgrade affects our IGD Group solvency by approximately 15 percentage points, as we use the ECB AAA curve for our solvency calculation. At end-July 2013, our estimated IGD Group Solvency (i.e. without France) was 171%. The Dutch Association of Insurers is currently in discussion with the Dutch Central bank (DNB) about alternative valuation curves and the impact of the downgrade on the solvency of insurers. The DNB is expected to decide on a course of action in the coming weeks. This does not necessarily mean it will allow insurers to use an alternative for the ECB AAA or Swap curve. As the changes in the yield curve only apply after 12 July, they did not have any effect on calculations of solvency for the six-month period ending 30 June 2013.

Delta Lloyd Bank Netherlands and Delta Lloyd Bank Belgium both have solid capital positions. At end-June 2013 their core Tier 1 ratios – a measure of a bank's financial strength – were 12.3% and 11.5% respectively.

Costs

Delta Lloyd Group is committed to structurally reducing costs. Total expenses in the first six months of 2013 amounted to € 378 million, 10 million lower than a year ago (H1 2012: € 388 million). Since 2008, costs have decreased by 30%. Much of these savings are due to our successful cost-cutting programme and focus on simplifying our organisation and our processes.

Innovations to improve efficiency and service provision include more straight through processing, digital processing, web-based sales and services, and rationalising legacy systems. For example, over 50% of incoming (traditional) mail at Life and General insurance is now scanned and processed digitally and 82% of the mutations for our primary group pension product (personal pension plans) are now processed straight through. These numbers will further increase during the year. At the Investor Day in November, Delta Lloyd will present updated cost targets.

Strategic developments
In January, Aviva sold its remaining stake in Delta Lloyd through a successful and vastly oversubscribed accelerated book-build offering, which increased the free float to above 99%. Our cross-listing on NYSE Euronext Brussels, where Delta Lloyd shares are included in the benchmark BEL-20 index, strengthened brand recognition and enabled us to reach new shareholders in Belgium. It also signalled the importance of Belgium as a second home market, and gave Delta Lloyd further access to capital markets.

At end-June, Fonds NutsOhra converted three million preference shares A (nominal value € 0.20 per share) into ordinary Delta Lloyd shares, for an additional payment of € 30.742 nominal per share. This increased the total number of ordinary shares by 2% to 183,137,303. The ordinary shares were sold to an institutional investor through a private placement. As a result, Fonds NutsOhra's voting rights in Delta Lloyd have now declined to 5.19% from 6.74%. Shareholders' funds increased by € 41 million as a result of this transaction. The conversion had no impact on IGD Solvency, as it was funded through the Fonds NutsOhra Tier 1 subordinated loan to Delta Lloyd.

In the first quarter of 2013, the banking activities of Delta Lloyd were split. Delta Lloyd Bank Belgium and Delta Lloyd Bank Netherlands have been positioned directly under Delta Lloyd NV, removing the Delta Lloyd Bankengroep holding company. This has cost, capital and strategic advantages and will allow us to simplify our organisation yet further.

Simple products, simple processes, transparent communication and top-notch customer service help differentiate Delta Lloyd in an increasingly standardised and competitive market. When it comes to customer service, we are proud of being named the best pensions insurer in the Netherlands and of growing satisfaction among our customers.

We are exiting loss-making non-core activities. In April, we finalised the sale to Fidea of our non-core Belgian General insurance activities under the Zelia brand. In the Netherlands, we have taken measures to counter our losses in WGA ER (*Werkhervatting Gedeeltelijk Arbeidsgeschikten - Eigen Risico*' - Commercial own risk insurance for (partial) disability); we decided to stop underwriting new business and to increase existing tariffs. We will gradually withdraw from this market, due to the unsustainable business model and upcoming changes in legislation. Losses in our international marine business run-off portfolio are in line with our best estimate planning.

Commercial developments
Delta Lloyd steered a steady course despite challenging headwinds in the first six months of the year and our commercial activities were satisfactory. Our asset management, regular life premiums and BeFrank businesses all showed good sales progress and we have an attractive pipeline of new group pension contracts in our Dutch life insurance business. At the end of the first half of the year, our customers are more satisfied, our market share has grown and we have increased our efficiency.

<u>Life insurance</u>
Life insurance is our largest division and the engine of the company. In the first six months of 2013, gross written life insurance premiums (excluding Germany) decreased by 22% to € 1,576 million (H1 2012: € 2,021 million). New annualised premium income (NAPI) was € 191 million (H1 2012:

€ 227 million), supported by a € 171 million Dutch single premium contract signed in May. Delta Lloyd retained the leading position in life new business, mainly in new business in regular pension premiums. Regular premiums increased by 11% to € 126 million, showing continued improvement of the business mix.

In the market for group pension contracts we continue to put emphasis on margins rather than on volume. As a consequence of this, and because of low interest rates, the market is difficult and to date fewer contracts have been signed than last year. There is a promising pipeline for new Dutch contracts. Premium income in the Belgian life market fell to € 414 million (H1 2012: € 463 million), due to the low interest rate environment and a tax increase on insurance premiums in 2013, which impacted the market for individual life insurance.

A national pensions survey carried out by Delta Lloyd Life in Belgium received a great deal of media attention and confirmed Delta Lloyd Life's unique positioning as a pensions expert. A second project, named 'Zilverstage', aimed at the re-activation of people aged 65+, was successful in strengthening the profile of Delta Lloyd as a responsible company. The project was supported by the Belgian Minister of Pensions and the Minister of Labour.

BeFrank, our premium pension institution (PPI) joint venture with BinckBank, continued to grow, with the addition of English services attracting more companies to its innovative pension plan for employees across multiple European countries. In the first six months, BeFrank was successful in acquiring new corporate defined contribution contracts.

General insurance

Delta Lloyd continues to deliver top-notch service and easy-to-understand products in a market where pricing is increasingly standardised. The economic situation had a noticeable effect on our General insurance business, both in the commercial and private markets. Still, gross written premiums remained stable at € 812 million (H1 2012: € 811 million). In particular, sales in the private market were influenced by weaker consumer spending. The introduction of higher taxes on insurance may also been a factor, and could continue throughout the second half. At end-June, the combined ratio (COR) was significantly better than at half-year 2012: 96.1% (H1 2012: 97.7%).

Bank

In Belgium, Delta Lloyd Bank increased its mortgage origination, despite increased competition in the Belgian market, which put pressure on margins. The Dutch housing market continued to contract in the first half. This led to a 20% decline in new mortgages to € 370 million (H1 2012: € 462 million).

Savings balances on 30 June 2013 were € 5,251 million, 6% lower than at year-end 2012 as a result of Delta Lloyd Bank's decision to improve margins by lowering interest rates rather than pursuing volume. On the other hand, demand for fixed savings products with a tax benefit, so-called *banksparen*, continued to grow and these savings increased to € 1,932 million (year-end 2012: € 1,789 million) at improved tariffs.

The introduction of Delta Lloyd's new tariff system for mortgage pricing during the second quarter was well received by the market. The number of applications tripled. The system favours low risk profiles: a lower loan to value (based on market price rather than purchase price) leads to a lower interest rate.

Delta Lloyd Bank in Belgium launched a successful campaign that was supported by a book on the psychology of investors and investments. Nearly 5,000 copies of the book were requested, leading to 700 appointments with potential customers at the local bank branches. The new Delta Lloyd Bank website increased unique visitors by 35%.

<u>Asset management</u>
Ongoing strong demand for retail funds and an increase in institutional mandates in the first half resulted in a positive inflow of € 604 million (H1 2012: € -22 million). Reflecting our capital markets expertise, Delta Lloyd was named 'Best Fund House Specialist Fixed Income' in April by investment research firm Morningstar for the third time in five years. In Belgium, we won two Morningstar awards, as did two Triodos funds managed by Delta Lloyd.

In March, Delta Lloyd acquired the mezzanine fund Oyens & Van Eeghen, which provides loans to SMEs.

In this connection, Niek Hoek chaired a commission ('Commissie Hoek') on behalf of the Dutch government, which proposed joint measures by institutional investors and government to overcome the difficulties and obstacles for SME financing. The commission presented its report to Minister of Economic Affairs Henk Kamp on 3 July 2013.

In April, we completed the split of investment fund Cyrte into Cyrte and Dasym Investment Strategies. Cyrte is wholly owned by Delta Lloyd and will focus on investments in listed technology, media and telecoms companies via the Cyrte Latin America, Cyrte Africa and Cyrte Global funds. Delta Lloyd and Dasym will continue to cooperate on a case-by-case investment basis.

Sustainability
Sustainability is fundamental to the way we do business, develop and sell our products and provide services. It represents our ambition to develop our people and contribute to society, a healthy environment and profitable economic growth (people, planet, profit). Our five priorities are customer interest, integrity, community involvement, good employment practices and the environment.

When it comes to customer interest, we recognise that consumers want simple, transparent and easy to understand products at competitive prices. Delta Lloyd is proud to have scored above average in a review of customer service in the Dutch insurance sector by financial regulator AFM. We are also the number one life and pensions insurer in the Netherlands according to research by consultancy firm IG&H, and all our labels hold the customer-focused insurance quality hallmark.

The way Delta Lloyd Group reports on sustainability was endorsed by the Global Reporting Initiative, which gave our 2012 Annual Report, published on 4 April 2013, its highest A+ rating.

To examine and improve sustainability practices in areas such as responsible investments, environment and good employment, we set up an Environmental, Social, Governance (ESG) committee at Group level in the first half of 2013.

We expanded our negative screening policy on controversial weapons to include nuclear weapons. This means Delta Lloyd does not invest in companies involved in producing, maintaining or testing cluster bombs, chemical or biological weapons, white phosphorus, depleted uranium or, now, nuclear weapons. We screen the companies we invest in according to recognised international standards and treaties, supported by independent research. We currently exclude 60 companies for controversial weapons. The list is updated quarterly.

Customer Centricity

Our customers are at the heart of everything we do. Changing consumer behaviour and a trend towards more web-based do-it-yourself insurance mean we are also changing the way we work. In the first half of 2013, we expanded our online offering under the Delta Lloyd brand with car insurance.

In 2012, Delta Lloyd Group implemented a new standard, group-wide process for handling complaints. This was improved and intensified in the first half of 2013, based on internal and external evaluations. For example, as part of continuously improving our service and to learn from the complaints we receive, we initiated aftercare calls to most (60%) clients to see if they were satisfied with the handling of their complaint. This has had a positive effect on the relationship with our customers. At Group level, regular complaints settled within 15 working days increased to 92% in the first half, (year-end 2012: 89%).

Customer satisfaction improved in the Netherlands. In the annual customer satisfaction surveys OHRA was rated 7.7 (2012: 7.6) and Delta Lloyd 7.6 (2012: 7.4), showing customers' increased appreciation for our services. Health insurance and General insurance contributed strongly to these improvements. The surveys showed we can communicate more clearly in letters and in answering questions and reduce information load, and further improve our claims-handling processes. The results for ABN AMRO, Belgium and for corporate customers will be available later this year.

In the first half of 2013, Delta Lloyd informed all customers with unit-linked insurance policies of its decision to directly settle the compensation for high costs in these products in the customer's policy as at 31 December 2012. Additionally, all customers involved have been urged to assess their personal situation and consider switching to alternative financial products, with our assistance if necessary. Delta Lloyd has started to actively approach customers who are classified as 'vulnerable' based on our understanding of their personal situation. A service desk has been set up to advise these customers (together with an intermediary). From a financial point of view, based on our current insights, the provision made for compensating these customers is adequate.

Our Product Approval and Review Process (PARP) assesses whether our products meet the requirements regarding duty of care to our customers. This means that we assess whether our products are cost-efficient, safe, and understandable and meet customers' needs. These criteria are in line with the regulations of the Dutch Financial Markets Authority (AFM) and apply to both new and existing products offered by our Dutch businesses. In 2012, all products were reviewed, and in 2013 we are prioritising and implementing the PARP findings. This process is on track.

Supervisory Board
Clara Streit, a senior advisor at global management consultancy McKinsey & Company, was appointed to the Supervisory Board of Delta Lloyd Group at the Annual General Meeting on 23 May 2013. Regulators approved the appointment in July. She replaces Pamela Boumeester, who resigned as a member of the Supervisory Board on 1 April 2013.

Employees
Delta Lloyd Group employs 5,697 staff (FTEs), down from 5,784 at year-end 2012. This includes 487 temporary employees to help absorb peak workload. Of the total permanent staff (5,210 FTEs), 3,914 FTE are employed in the Netherlands, 1,101 FTE in Belgium and 194 FTE in Germany.

At the Annual General Meeting on 23 May 2013, shareholders approved a new remuneration policy for the Executive Board. Variable income is capped at 50%, in light of the public debate on variable remuneration of executives and the government's intention to cap variable remuneration in the financial sector at 20% of regular (fixed) income from 2015. This adjustment will be implemented for executive management and other managers. The 50% reduction in variable remuneration is partly balanced by an increase in fixed salary. Delta Lloyd is currently assessing the market conformity of all staff remuneration. This will lead to proposals for a simpler and more restrained remuneration system in the negotiations for a new collective labour agreement in autumn 2013.

1.2. Dividend

Dividend policy
Delta Lloyd Group aims to pay a dividend ratio on ordinary shares of 40-45% of the net annual operational result (operational result after tax and non-controlling interests). In setting the target payout ratio, we consider anticipated profitability during our three-year management planning period. To maintain our dividend policy, we aim for a regulatory solvency ratio in the range of at least 160% to 175% of the minimum regulatory requirement.

Delta Lloyd Group intends to pay an interim and final dividend on the ordinary shares in 2013.

Dividend payment
The 2012 final dividend of € 0.61 per ordinary share was paid in cash and ordinary shares on 20 June 2013. 64.1% of shareholders elected to receive the dividend in ordinary shares and 35.9% in cash. In this respect, we issued 4,742,334 new ordinary shares as stock dividend.

Delta Lloyd is committed to its dividend objectives. As such, and on the basis of the operational result after tax and non-controlling interests, we have decided to pay an interim dividend of € 0.42 per ordinary share, which is unchanged from 2012. As it is our intention not to provide guidance through the interim dividend, no conclusions about annual dividend may be drawn from the amount of the interim dividend. The dividend may be paid entirely in cash or entirely in shares, at the shareholder's option. Shareholders who do not state a choice will be paid the dividend in shares.

The value of the stock dividend will be approximately 4% higher than the cash dividend and will be charged to the share premium. The cash dividend will be charged to retained earnings. When setting the exchange ratio for the stock dividend, Delta Lloyd Group uses a fraction of a share based on the weighted average closing share price over a period of five consecutive trading days (to take account of the current market price). Shareholders have until 27 August 2013 to opt to receive the dividend in cash or shares.

The number of shares giving entitlement to one new ordinary share (with a nominal value of € 0.20) will be set after 5.30 p.m. CET on 27 August 2013, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 21 August 2013 to 27 August 2013. The dividend will become payable on 4 September 2013.

1.3. Outlook for the second half of 2013

Delta Lloyd cannot alter the challenging macroeconomic environment, but we have taken steps to make our business as resilient as possible. We have enhanced our distribution, simplified our organisation, improved solvency and sharpened our customer focus. Our marked-to-market balance sheet and dynamic risk management are designed to ensure there are no surprises for our shareholders or customers.

As such, Delta Lloyd Group remains committed to its strategy and previously-announced business management objectives. All in all, we are well-positioned for sustainable profitability.

1.4. Statement by the Executive Board

The Executive Board is responsible for preparing the interim financial report 2013 in accordance with International Financial Reporting Standards as adopted by the European Union and the European Transparency Directive (2004/109/EC) (IFRS).

The Members of the Executive Board hereby declare that, to the best of their knowledge, the interim financial report 2013, prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, financial position and income statement of Delta Lloyd NV and the undertakings included in the consolidation as a whole (collectively Delta Lloyd Group), and includes a fair review of the information required by Section 5:25(d)(8 and 9) of the Financial Supervision Act (Wet op het financieel toezicht).

On 6 August 2013, the Executive Board reviewed and approved the interim financial report 2013 for publication.

Amsterdam, 6 August 2013

Niek Hoek, Chairman
Paul Medendorp
Emiel Roozen
Onno Verstegen

2. Condensed consolidated interim financial report for the period ended 30 June 2013

2.1. Consolidated statement of financial position

Consolidated statement of financial position			
In millions of euros		30 June 2013	31 December 2012
Assets			
Goodwill	2.9.1.	296.3	304.4
AVIF and other intangible assets		108.7	113.9
Deferred acquisition costs		170.2	180.7
Property and equipment		134.8	140.8
Investment property		2,121.5	2,167.5
Associates and joint ventures		263.9	193.6
Debt securities	2.9.2.	25,516.2	25,232.8
Equity securities	2.9.2.	3,960.2	4,322.1
Derivatives	2.9.2.	1,524.8	2,550.3
Investments at policyholders' risk	2.9.3.	13,456.2	13,535.2
Loans at fair value through profit or loss	2.9.2.	5,961.2	6,249.1
Loans and receivables at amortised cost	2.9.2.	16,739.4	17,106.7
Reinsurance assets		543.9	535.2
Plan assets	2.9.5.	22.1	18.8
Inventory of real estate projects		20.7	30.2
Receivables and other financial assets		1,819.8	2,209.5
Tax assets		1,078.3	1,613.1
Capitalised interest and prepayments		529.9	637.9
Cash and cash equivalents	2.5.	2,208.0	2,570.6
Assets held for sale	2.9.7.	12.7	283.4
Total assets		**76,488.8**	**79,995.6**
Capital and reserves			
Share capital		36.9	35.4
Share premium		446.4	355.2
Revaluation reserves		541.0	637.7
Revaluation reserves of assets held for sale		-	-
Other reserves		-203.2	-277.5
Equity compensation plan		3.7	5.8
Treasury shares		-21.1	-36.8
Retained earnings		1,393.5	1,586.4
Total capital and reserves attributable to parent		**2,197.2**	**2,306.1**
Non-controlling interests		305.4	306.7
Shareholders' funds		**2,502.6**	**2,612.8**
Liabilities			
Insurance liabilities	2.9.4.	44,199.7	44,722.7
Liabilities for investment contracts		4,666.3	4,736.8
Pension obligations	2.9.5.	2,085.3	2,370.7
Provisions for other liabilities		79.8	87.0
Tax liabilities		655.4	1,265.0
Subordinated debt	2.9.6.	679.2	716.8
Securitised mortgages	2.9.6.	4,023.3	4,897.2
Other borrowings	2.9.6.	1,078.8	1,078.3
Derivatives	2.9.2.	1,594.8	2,078.0
Investments at policyholders' risk	2.9.3.	10.1	22.8
Customer savings and deposits		9,057.9	10,181.9
Other financial liabilities		3,070.5	2,808.0
Other liabilities		2,785.2	2,282.5
Liabilities relating to assets held for sale	2.9.7.	-	135.2
Total liabilities		**73,986.2**	**77,382.8**
Total shareholders' funds and liabilities		**76,488.8**	**79,995.6**

2.2. Consolidated income statement

Consolidated income statement first half year			
In millions of euros		**2013**	**2012**
Income			
Gross written premiums		2,550.1	3,091.0
Outward reinsurance premiums		-107.3	-95.5
Net written premiums	**2.10.1.**	**2,442.8**	**2,995.5**
Change in unearned premiums provision		-20.1	-108.2
Net premiums earned		**2,422.7**	**2,887.3**
Investment income		-113.1	2,617.9
Share of profit or loss after tax of associates		0.3	14.7
Net investment income	**2.10.1.**	**-112.9**	**2,632.7**
Fee and commission income		120.8	113.7
Other income		-12.1	6.7
Total investment and other income		**-4.1**	**2,753.0**
Total income		**2,418.6**	**5,640.3**
Expenses			
Net claims and benefits paid*		2,201.8	2,296.7
Change in insurance liabilities		-608.0	3,606.5
Expenses relating to the acquisition of insurance, investment and other contracts		318.5	323.0
Finance costs		291.4	375.1
Other operating expenses		325.2	319.7
Total expenses		**2,528.8**	**6,921.0**
Result before tax from continuing operations		**-110.3**	**-1,280.8**
Income tax		23.3	336.1
Result after tax from discontinued operations		1.0	9.9
Net result		**-85.9**	**-934.8**
Attributable to:			
Delta Lloyd NV shareholders		-102.9	-942.5
Non-controlling interests		17.0	7.7
Net result		**-85.9**	**-934.8**

*Net claims and benefits paid includes profit sharing and discounts

Earnings per share first half year		
In euros	**2013**	**2012**
Basic earnings per share from continuing operations	-0.59	-5.58
Basic earnings per share from discontinued operations	0.01	0.05
Basic earnings per share including discontinued operations	**-0.58**	**-5.53**
Diluted earnings per ordinary share from continuing operations	-0.59	-5.58
Diluted earnings per ordinary share from discontinued operations	0.01	0.05
Diluted earnings per ordinary share including discontinued operations	**-0.58**	**-5.53**

2.3. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the first half year		
In millions of euros	**2013**	**2012**
Net result	**-85.9**	**-934.8**
Fair value adjustments property	-	2.8
Actuarial gains and losses (pension obligations)	102.6	-144.3
Transfer of actuarial gains and losses relating to DPF contracts to provisions	-2.9	-
Income tax relating to items that will not be reclassified	-25.5	37.9
Total items that will not be reclassified to income statement	**74.3**	**-103.6**
Changes in value of financial instruments available for sale*	-170.4	151.2
Transfer of available for sale relating to DPF contracts to provisions	12.3	-20.6
Fair value adjustments associates	13.3	21.2
Fair value adjustments due to micro hedge debt securities available for sale	11.1	-
Income tax relating to items that may be reclassified	31.7	-26.8
Total items that may be reclassified subsequently to income statement	**-101.9**	**125.1**
Total comprehensive income for the first half year, net of tax	**-27.6**	**21.5**
Total comprehensive income	**-113.5**	**-913.3**
Attributable to:		
Delta Lloyd NV shareholders	-125.3	-931.2
Non-controlling interests	11.8	18.0
Total comprehensive income	**-113.5**	**-913.3**

*Realised gains/losses on revaluations of financial instruments available for sale, impairment losses and reversal of impairment losses transferred to income statement are part of changes in value of financial instruments available for sale.

2.4. Consolidated statement of changes in shareholders' funds

Consolidated statement of changes in equity for the first half year

In millions of euros	Ordinary share capital	Share premium	Revaluation reserves	Other reserves	Equity compen-sation plan	Treasury shares	Retained earnings	Total capital and reserves attributable to parent*	Non-controlling interests	Sharehol-ders' funds
At 1 January 2012	34.1	356.4	406.0	-90.5	5.4	-37.9	3,191.9	3,865.6	309.4	4,175.0
Total other comprehensive income	-	-	116.9	-105.8	-	-	-	11.2	10.3	21.5
Result for the period	-	-	-	-	-	-	-942.5	-942.5	7.7	-934.8
Final dividend payment 2011	0.5	-0.5	-	-	-	-	-76.2	-76.2	-	-76.2
Non-controlling interests in dividend payment 2012	-	-	-	-	-	-	-	-	-18.6	-18.6
Change treasury shares	-	-	-	-	-	1.2	-	1.2	-	1.2
Change indirectly held shares in investment funds at policyholders' risk	-	-	-	-	-	0.2	-	0.2	-	0.2
Change options granted	-	-	-	-	0.5	-	-	0.5	-	0.5
At 30 June 2012	**34.7**	**355.8**	**523.0**	**-196.2**	**6.0**	**-36.4**	**2,173.2**	**2,860.0**	**308.8**	**3,168.8**
At 1 January 2013	35.4	355.2	637.7	-277.5	5.8	-36.8	1,586.4	2,306.1	306.7	2,612.8
Total other comprehensive income	-	-	-96.7	74.3	-	-	-	-22.4	-5.2	-27.6
Result for the period	-	-	-	-	-	-	-102.9	-102.9	17.0	-85.9
Final dividend payment 2012	0.9	-0.9	-	-	-	-	-38.4	-38.4	-	-38.4
Non-controlling interests in dividend payment 2013	-	-	-	-	-	-	-	-	-13.1	-13.1
Conversion preference shares A	0.6	92.2	-	-	-	-	-51.5	41.3	-	41.3
Change treasury shares	-	-	-	-	-	2.4	-	2.4	-	2.4
Change indirectly held shares in investment funds for own risk	-	-	-	-	-	1.2	-	1.2	-	1.2
Change indirectly held shares in investment funds at policyholders' risk	-	-	-	-	-	12.2	-	12.2	-	12.2
Change options granted	-	-	-	-	-2.1	-	-0.1	-2.2	-	-2.2
At 30 June 2013	**36.9**	**446.4**	**541.0**	**-203.2**	**3.7**	**-21.1**	**1,393.5**	**2,197.2**	**305.4**	**2,502.6**

*Attributable to Delta Lloyd NV shareholders

Total other comprehensive income relates to the equity allocation of the items specified in section 2.3.

On 28 June 2013, Fonds NutsOhra converted 3.0 million preference shares A (nominal value € 0.20 per share) into ordinary shares Delta Lloyd NV, against an additional payment of € 30.742 nominal per share increasing share capital by € 0.6 million and share premium by € 92.2 million. The conversion was funded through the Fonds NutsOhra subordinated loan to Delta Lloyd Group. The difference between the redemption of € 92.2 million at nominal value and actual book value is accounted for in the retained earning (€ 51.5 million).

Payment in cash and delivery of ordinary shares in respect of the 2012 final dividend of € 0.61 per ordinary share took place on 20 June 2013. Around 64.1% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 4,742,334 new ordinary shares were issued as stock dividend and charged to the share premium (€ 0.9 million). The remaining 35.9% of the shareholders received the dividend in cash (€ 38.4 million).

Treasury shares relate to shares held both directly and indirectly through investment funds (for own risk or at policyholders' risk). Directly-held shares were acquired as part of a share repurchase programme which has the sole purpose of meeting obligations under both existing and new equity compensation plans for management. In this context 1,650,000 shares were purchased in 2010 at an average purchase price of € 14.12. A total of 167,221 shares (€ 2.4 million) were delivered under the equity compensation plan (year end 2012: 106,877). In 2013, the movement in treasury shares of € 13.4 million is mainly due to the sell of 832,398 shares indirectly held through investment funds. Treasury shares held indirectly, either for own risk or at policyholders' risk, totalled 122,499 at 30 June 2013 (year end 2012: 954,897), with an average purchase price of € 13.92 (year end 2012: € 16.00).

The equity compensation plan refers to the Performance Share Plan and the Variable Incentive Plan for the Executive Board, directors and managers in control functions and functions impacting Delta Lloyd's risk profile. The € 2.1 million movement in options granted under the equity compensation plan consists of a settlement of € 3.3 million, grants of new options of € 1.8 million and a change to existing plans of € -0.6 million.

2.5. Consolidated cash flow statement

Consolidated cash flow statement for the first half year		
In millions of euros	**2013**	**2012**
Cash flow from operating activities		
Net result	-85.9	-934.8
Net result from discontinued operations	1.0	9.9
Net result from continuing operations	**-84.9**	**-924.8**
Adjustments for:		
- Tax	-23.3	-336.1
- Depreciation	6.8	8.3
- Amortisation	182.4	166.4
Impairments of:		
- Intangible assets	9.1	-
- Property and equipment	1.4	-
- Inventory of real estate projects	9.8	14.5
- Financial investments	74.0	94.8
- Loans and receivables including insurance receivables	6.1	2.6
Result on sale of investment property	0.1	0.3
Net unrealised fair value result on financial assets and investment property	1,683.6	-515.2
Share of profit or loss from associates	-0.3	-14.7
Cash generating profit of the year	**1,864.8**	**-1,504.0**
Net (increase)/decrease in intangible assets related to insurance and investment contracts	1.9	1.9
Net (increase)/decrease in other intangible assets	-5.7	-3.6
Net (increase)/decrease in property and equipment	-9.5	-10.2
Net (increase)/decrease in investment property	7.2	-22.4
Net (increase)/decrease in plan assets	-3.3	4.3
Net (increase)/decrease in associates	-70.0	96.8
Net (increase)/decrease in reinsurance assets	-8.7	-12.7
Net (increase)/decrease in other assets	149.6	-141.3
Net (increase)/decrease in receivables and other financial assets	379.0	-742.6
Net (increase)/decrease in prepayments and accrued interest	109.3	86.8
Net (decrease)/increase in insurance liabilities	-523.0	3,474.2
Net (decrease)/increase in liabilities for investment contract	-70.5	253.2
Net (increase)/decrease in pension obligations and provisions for other liabilities	-292.5	174.7
Net (decrease)/increase in tax assets / liabilities	-6.8	-8.3
Net (decrease)/increase in borrowings (revaluation)	-31.2	40.4
Net (decrease)/increase in other liabilities	366.5	-289.1
Net (decrease)/increase in financial liabilities	-853.5	46.6
Net movement in derivative financial instruments (including at policyholders' risk)	142.6	4.9
Cash flow generated from operations	**1,146.1**	**1,449.3**
Income taxes paid	-44.8	43.6
Net cash flow from operating activities	**1,101.3**	**1,493.0**
Net cash flow from operating activities of discontinued operations	-	-
Total	**1,101.3**	**1,493.0**

Consolidated cash flow statement for the first half year

In millions of euros	2013	2012
Cash flow from investing activities		
Net (increase)/decrease in debt securities (including at policyholders' risk)	-1,470.9	-2,045.5
Net (increase)/decrease in equity securities (including at policyholders' risk)	492.0	123.3
Net (increase)/decrease in other investments	8.6	13.2
Net (increase)/decrease in loans against fair value through profit or loss (including at policyholders' risk)	-564.4	-433.3
Net (increase)/decrease in loans and receivables at amortised cost	1,004.4	299.3
Purchases of property and equipment	-3.0	-10.1
Proceeds from sale of property and equipment	0.4	-0.5
Net cash flow from investing activities	**-532.8**	**-2,053.6**
Net cash flow from investing activities of discontinued operations	-	-
Total	**-532.8**	**-2,053.6**
Cash flow from financing activities		
Proceeds from borrowings	354.0	655.7
Repayments of borrowings	-1,207.0	-765.9
Dividends paid to shareholders	-38.4	-76.2
Dividends paid to non-controlling interests	-13.1	-18.6
Net cash flow from financing activities	**-904.6**	**-205.1**
Net cash flow from financing activities of discontinued operations	-	-
Total	**-904.6**	**-205.1**
Net (decrease)/increase in cash and cash equivalents	**-336.1**	**-765.6**
Cash and cash equivalents at beginning of year	2,580.1	3,543.4
Net (decrease)/increase in cash and cash equivalents	-336.1	-765.6
Total cash and cash equivalents at 30 June	**2,244.0**	**2,777.8**
Cash and cash equivalents of discontinued operations at beginning of year	-	-
Net (decrease)/increase in cash and cash equivalents of discontinued operations	-	-
Cash and cash equivalents of discontinued operations at year end	-	-
Total cash and cash equivalents at 30 June	**2,244.0**	**2,777.8**
Cash and cash equivalents consolidated balance sheet	2,208.0	2,774.4
Cash and cash equivalents at policyholder's risk	36.0	3.4
Total cash and cash equivalents at 30 June	**2,244.0**	**2,777.8**
Further details on cash flow from operating activities		
Interest paid	246.6	371.1
Interest received	896.4	989.6
Dividends received	196.5	284.8

2.6. Summary of accounting policies and basis of consolidation

Delta Lloyd NV is a public limited liability company ('naamloze vennootschap') incorporated and established in the Netherlands. The company's registered address is Amstelplein 6, 1096 BC Amsterdam. Together with its subsidiaries (collectively, 'Delta Lloyd Group') it provides life and pension insurance, long-term savings products, most classes of general insurance, banking activities and asset management. The activities are carried out through subsidiaries and associates in the Netherlands, Belgium and Germany.

On 8 January 2013, Aviva sold its remaining 19.4% of ordinary shares in Delta Lloyd NV to various institutional investors, increasing Delta Lloyd's free float to approximately 99%.

On 28 June 2013, Fonds NutsOhra converted 3.0 million preference shares A (nominal value € 0.20 per share) into ordinary shares which were sold to an institutional investor through a private placement. As a result, the voting rights of Fonds NutsOhra's in the General Meeting of Shareholders decreased from 6.74% to 5.19%.

2.6.1. Accounting policies

Delta Lloyd Group's condensed consolidated interim financial report for the period ending 30 June 2013 has been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS). The condensed consolidated interim financial report does not include all of the information required for full financial statements and should therefore be read in conjunction with the 2012 financial statements of Delta Lloyd Group. The consolidated interim financial report is unaudited but has been reviewed by the auditor.

All accounting policies and methods of computation applied to the condensed consolidated interim financial report for the period ended 30 June 2013 are the same as those applied in the 2012 consolidated financial statements of Delta Lloyd Group (see http://verslag.deltalloydgroep.com), except:

- the new and amended IFRS standards referred to below and
- the change in accounting estimates as mentioned in section 2.6.2. 'Use of assumptions and estimates'.

All amounts are in millions of euros unless stated otherwise. Calculations in the tables are made using unrounded figures; as a result, rounding differences can occur.

The new and amended IFRS standards applied by Delta Lloyd Group as of 1 January 2013 are:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (mandatory for financial years beginning on or after 1 July 2012)
These amendments enhance the consistency and clarity in the way in which items in the statement of other comprehensive income are presented. The main change is the requirement for entities to group items within other comprehensive income according to whether they may be reclassified to the income statement. This amendment does not affect the financial results of Delta Lloyd Group.

IFRS 13 Fair Value Measurement (mandatory from 1 January 2013)
This standard defines how fair value should be measured using an overall definition of fair value. It also requires disclosures on fair value measurements. The fair value disclosures required under IFRS 7, 'Financial Instruments', including the fair value hierarchy, were transferred to this standard. This standard did not affect the financial results but the disclosures to the consolidated interim financial report are expanded.

Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (mandatory for financial years beginning on or after 1 July 2011)
The amendment regarding severe hyperinflation provides guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. In respect of the removal of fixed dates, first-time adopters of IFRSs are exempted from having to reconstruct transactions that occurred before the date of transition to IFRS. These amendments to IFRS 1 do not affect Delta Lloyd Group as it is not a first-time adopter and does not face hyperinflation.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (mandatory from 1 January 2013)
These amendments require additional information to be disclosed that will enable users of the entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This standard does not affect the financial results or equity but the disclosures to the financial statements will be expanded.

Amended and improved IFRS standards endorsed by the European Union during the first half year 2013 and applied immediately by Delta Lloyd Group are:

Amendments to IFRS 1 Government loans (mandatory from 1 January 2013)
The amendments add an exception to the retrospective application of IFRS, which requires that first-time adopters apply the requirements in IFRS 9 'Financial Instruments' and IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition to IFRS. These amendments to IFRS 1 do not affect Delta Lloyd Group as it is not a first-time adopter.

Improvements to IFRSs 2009-2011 (mandatory from 1 January 2013)
These amendments to IFRSs and the related basis for conclusions and guidance address the following topics: IFRS 1 'First-time Adoption of International Financial Reporting Standards' - repeated application of IFRS 1 and borrowing costs, IAS 1 'Presentation of Financial Statements' - clarification of the requirements for comparative information, IAS 16 'Property, Plant and Equipment' - classification of servicing equipment, IAS 32 'Financial Instruments: Presentation' - tax effect of distribution to holders of equity instruments and IAS 34 'Interim Financial Reporting' - Interim financial reporting and segment information for total assets and liabilities. The improvements do not affect Delta Lloyd Group's financial result or equity because they are mainly a clarification.

On 4 April 2013, the European Union endorsed the transitional guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) which will be mandatory for Delta Lloyd Group from 1 January 2014 and will not be adopted early. Delta Lloyd Group is currently examining the effects of IFRS 10 on its consolidation structure. The consolidation of investment funds or new interpretation of the standard may have significant impact.

During the first half year 2013, the IASB published the following amendments and interpretations which will be applicable to Delta Lloyd Group from 1 January 2014 if endorsed by the European Union and if no early adoption takes place:

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets;
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting;
- IFRIC 21 Levies.

Delta Lloyd Group is currently investigating the exact impact of these amendments and the interpretation, but does not expect financial results or equity to be affected.

2.6.2. Use of assumptions and estimates

The preparation of condensed consolidated interim financial report requires Delta Lloyd Group to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the reporting date. This particularly concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determining the fair value of assets and liabilities, establishing impairment (including of goodwill and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management's best knowledge of current facts and circumstances. Important assumptions made by management are disclosed in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates. Interim results are not necessarily indicative for the full year results.

Change in accounting estimates
Each reporting period Delta Lloyd Group assess whether the applied Collateralised AAA curve is representative as a current market interest rate curve for the valuation of long term liabilities. Delta Lloyd Group's assessment has shown that the long end of the Collateralised AAA curve has been comprised over a longer period on a very limited number of constituents. In practice, for longer

durations there is currently (June 2013) only one single French bond. A curve that is based over a longer period on just one market observation on the long end of the curve is not representative (and creates an undesired dependency) and thus no longer tenable. Therefore, Delta Lloyd Group has decided to transfer to another market interest rate curve for the valuation of long term liabilities. The decision concerns an adjustment of the extrapolating method of the Collateralised AAA curve by using an Ultimate Forward Rate (UFR). Delta Lloyd Group determined the point at which the market is illiquid (last liquid point) and uses an extrapolation approach after that point. This means that yield-curve extrapolation is done as of the last liquid point along the forward curve with an ultimate forward rate. The last liquid point, the convergence period and ultimate forward rate applied at 30 June 2013 are 20 years, 40 years and 4.2% respectively. Each reporting period Delta Lloyd Group will assess whether the long end of the Collateralised AAA curve can be derived from sufficient relevant observable market inputs. If that is the case, then Delta Lloyd Group will cease applying the above described extrapolation approach and will use the Collateralised AAA curve for the long end of the curve. If no sufficient relevant observable market inputs are available, Delta Lloyd Group will continue to estimate current market interest rate using the described extrapolation approach while reassessing the parameters used. This adjustment to the extrapolating method of the Collateralised AAA curve is in accordance with the adjustments to the ECB AAA curve for defining the regulatory (IGD) solvency as introduced by De Nederlandsche Bank (DNB) last year and creates a stable and robust solution for the illiquid part of the long end of the Collateralised AAA curve. The application of the Collateralised AAA curve with an UFR had a positive effect on the reported result for the first half year 2013 of € 133.4 million after tax (hence on shareholders' funds). The developments of the Collateralised AAA curve can be found on http://www.deltalloydgroep.com/en/investor-relations/other-publications/reference-rate.

As of June 2013, Delta Lloyd Schadeverzekering can use improved premium data of authorised agents, including the periodicity of the premium. Because of this improved data Delta Lloyd Schadeverzekering is able to apply the same method for calculating the unearned premium reserve, which is applied for all other non-life insurance business. The data improvement is the result of a protocol developed by the association of insurers. This data is collected by Market Scan and distributed to the insurers. In the first half year of 2013 the effect on the technical result is € 47.3 million positive. Furthermore, the WGA ER provision was strengthened relating to prior accident years with € 38.2 million. The strengthening of the provision is the result of new information and emerging experience..

In paragraph 2.9.4. 'Insurance Liabilities', the total change in general insurance claims provisions is explained.

2.7. Risk management

Financial market development

European debt crisis
In the course of the reporting period, Europe took steps to stabilise the financial sector and the cost of sovereign borrowing, mainly on the promise of the European Central Bank's (ECB) "to do whatever it takes to save the euro". With regards to economic unification, there was no increase in disparities between core eurozone countries and the periphery. Nevertheless, unemployment rose in most of the southern European countries and Ireland, although without creating social tensions to the extent of disrupting day-to-day life. In March, European Union Leaders agreed a bailout package to keep Cyprus in the eurozone. A second agreement left the loan amount received from the eurozone and the IMF at € 10 billion but the terms changed in respect of the actions Cyprus must perform to tackle its banking crisis.

Further steps were taken to set up a banking union. It was decided that some direct recapitalisation possibilities should be financed by the European Stability Mechanism (ESM) programme, thus without guarantees or other indirect government involvement. In principle, the budget for direct ESM help is limited to € 60 billion. Uncertainty about the type of solutions for the eurozone bank restructurings in the first half of this year (SNS in the Netherlands and the largest banks in Cyprus) highlighted the need for a more uniform approach obvious. The ECB will take over banking oversight from the national authorities. Discussions about mechanisms for depository insurance and bank resolution have not yet reached a conclusion.

A major risk for Delta Lloyd Group would be if the situation deteriorates and leads to one or more countries leaving the euro. Delta Lloyd Group has made preparations for the impact that this would have. It critically monitors direct exposure in its portfolio to countries in difficulties. Furthermore, there is a crisis team in place to act in an emergency. Indicators are monitored and weekly status updates are prepared allowing Delta Lloyd Group to take appropriate actions should the European crisis worsen.

Sustained low interest yield environment
Interest rates are still historically low, although there has been a slight increase recently. A significant risk for Delta Lloyd Group is the relatively low yield on reinvestments, mainly due to low interest rates. Although the benefits of insurance have not changed, this may mean insurance products become less attractive. The lower reinvestment yield leads to higher premiums for customers and the cost of guaranteed products. Lower yields also lead to pressure on margins and consequently on solvency levels. To deal properly with this pressure, Delta Lloyd Group looks critically at its interest rate profile, regularly reviews its asset mix to achieve a good balance between yield and risk and uses scenario analyses to identify the long-term effects of persistently low interest rates.

Developments in the Netherlands
Economies in the eurozone, including the Netherlands, have not yet recovered from the credit crisis. In real terms, the Dutch economy shrank by 2.7% between 2008 and 2012. The short term economic

outlook for the Netherlands is not very optimistic. During the first half year of 2013, bank/insurer SNS Reaal was nationalised as a result of difficulties in the international commercial real estate portfolio. In the context of these challenging economic circumstances, DNB has opted for an advanced introduction of elements of the Solvency II capital regime. Currently the framework of a so-called Theoretic Solvency Criterion (TSC) is being discussed with the Dutch insurance sector.

Dutch housing market
In March 2013, the Dutch government has reached an agreement on a reform package for the Dutch housing market known as the “Woonakkoord”. This has consequences for both the Dutch mortgage market as well as the residential rental market. In the Dutch mortgage market the effect remains limited. The strict rules on new mortgage lending, which require full redemption in 30 years, remain in force. The consequences for the rental market are more pronounced. The new package includes the introduction of a landlords’ levy (tax) (“verhuurdersheffing”) on owners of multiple properties and investors in residential housing . The housing market is strictly regulated and owners could previously only increase rents in line with inflation. Now owners of residential housing are allowed to increase the rent based on the tenant’s income to bring rents more in line with earnings. This only applies to the regulated (social) housing market. In most cases, the extra income generated from higher rents will not offset the extra costs generated by the new levy.

Risk management at Delta Lloyd Group

Interest rate risk
Delta Lloyd Group incurs interest rate risk as the market value of its assets and liabilities depends mainly on interest rates. There is an additional risk on fixed-income assets and instruments, as the yields on these assets may develop differently from the rates used for discounting the liabilities.

Interest rate risk is managed by matching the duration and cash flows of assets and liabilities. To this extent interest rate profiles of the portfolio have been optimised to provide a better duration match between assets and liabilities to reduce the interest rate risk for the balance sheet.

Delta Lloyd Group uses the Collateralised AAA curve to measure the value of the majority of its insurance provisions. Periodically Delta Lloyd evaluates the representativeness of the applied curve. Delta Lloyd's analyses have shown that the long end of the Collateralised AAA curve, as used under IFRS comprises a very limited number of constituents. In practice, for longer durations there is currently only one single French bond. Following the outcome of the most recent periodic analyses and the undesired dependence of one single French bond, Delta Lloyd Group has decided to adjust the definition of market interest rates for the valuation of long term liabilities.

The decision concerns an adjustment of the extrapolating method of the Collateralised AAA curve as used for IFRS purposes, by using an Ultimate Forward Rate (UFR), with the one-year forward rates for durations upwards from 20 years converging to a UFR of 4.2% over a period of 40 years. This adjustment to the extrapolating method of the Collateralised AAA curve is in accordance with the adjustments to the ECB AAA curve for defining the regulatory (IGD) solvency as introduced by De Nederlandsche Bank (DNB) last year.

The Collateralised AAA curve consisted of 356 bonds at 30 June 2013. The 10-year point of the Collateralised AAA curve (with UFR) at June 2013 is 2.38%, which compared to year end 2012, is an increase of 39 basis points, mainly due to a general increase in interest rates.

Equity risk
On 30 June 2013, Delta Lloyd Group's equity portfolio which is held at own risk was € 4.0 billion (year end 2012: € 4.3 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio is € 2.8 billion (year end 2012: € 3.0 billion). A considerable part of the equity portfolio is invested in large and medium-sized Dutch companies. Besides hedging, Delta Lloyd Group has reduced equity risk further by selling € 0.1 billion of equity securities.

Credit risk
Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland amounts to € 333.2 million at 30 June 2013, compared to € 58.7 million at year end 2012. Compared to year end 2012, exposure to the southern European countries and Ireland was increased given the relative positive return related to risk. Delta Lloyd is strictly monitoring the portfolio and keeps the exposure to southern European countries and Ireland limited.

The tables below show Delta Lloyd Group's total exposure to risks on these countries, including lending to the financial sector and other private businesses. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as in countries where their headquarters are located. The tables are based on 'country of risk' and the figures include accrued interest. The risk reduction effect of credit default swaps is not included in the tables. Delta Lloyd Group has hedged a nominal amount of € 413.9 million of the default risk in these countries (year end 2012: € 542.8 million). The 'Other bonds' column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received.

Despite the financial crisis, Delta Lloyd Group has so far suffered low loss rates on residential mortgages loans (half year 2013: 0.015%). However, Delta Lloyd Group considers a further decline of the residential mortgage and rental market in the Netherlands in combination with increasing defaults due to the economic conditions a potentially significant risk. Therefore, Delta Lloyd Group periodically executes stress tests to monitor the development of its mortgage loan portfolio.

Position in sovereign, sub-sovereign and other bonds and receivables at 30 June 2013

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	19.6	6.3	-	23.7	-	49.6
Italy	157.8	180.2	18.3	145.9	-	502.1
Ireland	85.4	21.0	33.0	135.1	-	274.5
Greece	-	31.6	-	0.8	-	32.4
Spain	70.3	118.7	-	355.8	215.0	759.8
Total	**333.2**	**357.8**	**51.3**	**661.2**	**215.0**	**1,618.4**

Position in sovereign, sub-sovereign and other bonds and receivables at 31 December 2012

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total
Portugal	-	6.4	-	9.7	-	16.1
Italy	1.7	177.1	18.8	160.7	-	358.3
Ireland	-	12.7	33.2	122.2	-	168.1
Greece	-	6.8	-	0.9	-	7.7
Spain	57.0	133.3	-	332.0	215.0	737.3
Total	**58.7**	**336.3**	**52.0**	**625.5**	**215.0**	**1,287.5**

The tables below provide details of the carrying amount of financial assets that have been impaired. The tables relate to financial assets for own risk.

Financial assets after impairments at 30 June 2013

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	25,491.7	7.6	16.9	25,516.2
Loans and receivables	22,276.9	312.6	111.0	22,700.6
Receivables and other financial assets	1,590.1	217.4	11.7	1,819.1
Total	**49,358.7**	**537.6**	**139.6**	**50,035.9**

Financial assets after impairments at 31 December 2012

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total
Debt securities	25,180.5	6.2	46.1	25,232.8
Loans and receivables	22,837.0	399.2	119.6	23,355.8
Receivables and other financial assets	1,744.9	456.3	8.1	2,209.4
Total	**49,762.5**	**861.7**	**173.8**	**50,798.0**

The tables below provide details of the period of arrears on loans, receivables and other financial assets that have not been impaired.

Maturity of financial assets that are past due but not impaired at 30 June 2013

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total
Debt securities	-	-	-	7.6	7.6
Loans	237.3	30.1	26.6	18.6	312.6
Receivables and other financial assets	206.6	1.2	9.5	0.1	217.4
Total	**443.9**	**31.3**	**36.2**	**26.2**	**537.6**

Maturity of financial assets that are past due but not impaired at 31 December 2012					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total
Debt securities	-	-	0.5	5.6	6.2
Loans	331.7	34.7	19.4	13.3	399.2
Receivables and other financial assets	413.9	24.3	17.9	0.1	456.3
Total	**745.7**	**59.1**	**37.8**	**19.1**	**861.7**

Property risk

Delta Lloyd Group's diversified property portfolio includes residential, car parks, shopping centres and commercial property. Part of it is direct invested and part is investment through funds. Delta Lloyd Group's risk management strategy for property risk is focused on retaining a high-quality self-managed portfolio. Demand for commercial property (mainly offices and shops) in the Netherlands has been under pressure for some time as a result of the economic situation. The residential sector, which to date has remained relatively stable, makes up the largest part of the portfolio. The residential letting market is positive in the sector in which Delta Lloyd Group invests. The retail and office portfolio has to be pro-actively managed and requires intensive contact with managers and agents to keep vacancy rates at the lowest possible level. Negotiations with tenants take place well before a lease expires. The portfolios are subject to hold-sell analyses. Each property is assessed critically, with the sale of less strategic assets being considered. The office portfolio receives the greatest attention as it has the highest vacancy rates.

Delta Lloyd Group's property portfolio for own risk was valued at € 2.3 billion at 30 June 2013 (year end 2012: € 2.4 billion) after a downward revaluation of € 39.9 million in the first half of 2013 (first half year 2012: € 52.0 million). The portfolio is divided into residential 44% (2012: 47%), offices 36% (2012: 34%), retail 13% (2012: 12%), property occupied by Delta Lloyd Group 5% (2012: 5%) and other 2% (2012: 2%). Of the property portfolio € 1.6 billion is allocated to the Dutch property and € 0.5 billion to German property. The German property market is much less distressed than the Dutch market, as reflected in the vacancy rates. Vacancy rates for property in the Netherlands are 2% (year end 2012: 2%) for residential, 4% (year end 2012: 4%) for retail and 18% (year end 2012: 19%) for offices. The vacancy rates for the Dutch property portfolio are calculated by expressing missed rental income as a percentage of total gross rental income. Vacancy rates for property in Germany are 0% (year end 2012: 3%) for residential and 4% (year end 2012: 3%) for offices. The vacancy rates for Germany are calculated on the basis of the number of vacant square metres compared to the total number of available square metres.

Funding risk

Delta Lloyd's residential mortgage warehouse Amstelhuys has undertaken several securitisation transactions under the Arena and Darts programmes. Several transactions have a first optional redemption date in 2014. The expected outstanding amount at that time is € 2.1 billion, taking into account retained notes and redemptions. Approximately 70% of the collateral consists of mortgages with a NHG guarantee (Dutch Government mortgage guarantee). Delta Lloyd Group has sufficient internal capacity to refund these transactions, but attracting new external funding is also considered.

Capital positions
IFRS equity (excluding non-controlling interests) decreased by € 109 million compared with year end 2012 to € 2.197 million, due to decreased investment returns and as a result of the increase in the Collateralised AAA curve being lower than the increase in the swap curve. This brought IFRS solvency to 203% (year end 2012: 205%).

The restructuring of Delta Lloyd Banking Group was finalised in the first half year of 2013, resulting in the discontinuance of the Banking Group. The remaining entities, Delta Lloyd Bank Netherlands and Delta Lloyd Bank Belgium, are directly held by Delta Lloyd NV. At 30 June 2013, Delta Lloyd Bank Netherlands had a BIS ratio of 14.5% and a Core Tier 1 ratio of 12.3%. Bank Belgium reported a BIS ratio of 13.1% and a Core Tier 1 ratio of 11.5%.

On 12 July 2013 credit rating agency Fitch downgraded France’s credit rating from AAA to AA+ due to the country's uncertain economic outlook and its need for structural reform. As a result, the ECB AAA yield curve, based on government bonds whose issuer is triple A rated by Fitch, decreased for all maturities. At the 10-year maturity the curve decreased more than 11 basis points (bps) and at the 20-year maturity rate more than 16 bps. This 20-year maturity is the starting point of the UFR convergence period and thus definable for the curve from 20 years. This lower curve leads to higher provisions for insurance liabilities while assets are not affected. The impact per 12 July 2013 on the IGD ratio for Delta Lloyd Group is estimated at minus 15 percentage points.

Regulatory solvency (Insurance Groups Directive or IGD), measured under the current solvency system, of Delta Lloyd Group increased by 7 percentage point to 184% (year end 2012: 177%). Available capital increased by 5 percentage point due to higher Wft LAT margins. In addition required capital decreased by 2 percentage point due to lower technical reserves as a result of the increased Collateralised AAA curve.

The impact of changes in the main capital market data are set out below to provide information on the sensitivity of the result and shareholders’ funds to movements in the capital markets. The sensitivity of the IGD is also disclosed. See section 2.9.5. Pension obligations for the sensitivity analysis for the pension obligations.

These sensitivities can be described as follows:

Sensitivity factor	Description of sensitivity factor used
Credit spread risk	The effect of a 0.5% change in credit spread (applicable to collateralised and (sub-)sovereign bonds with a rating below AAA, corporate bonds, FV mortgages and FV loans).
Interest rate	The effect of a 0.25% increase or decrease across the yield curve taking the UFR methodology into account
Equity markets	The effect of a change of a 10% in equity markets (applicable to ordinary shares, 5% participations, investment funds and derivatives).
Property	The effect of a change of a 10% in property (applicable to offices, residential, retail and other property).
Longevity risk	The effect of a 5% reduction in mortality probabilities.
Expenses	The effect of a 10% increase in the assumptions for rises in expenses.
Claims ratio	The effect of an 5% increase in the gross claims ratio for general and health insurance.
Mortality and disability risk in life insurance	The effect of 5% increase in mortality and disability risk probabilities.

The tables below show the impact of the main market risks on Delta Lloyd Group on results and shareholders' funds. The IFRS sensitivities are based on Delta Lloyd Group accounting policies and are shown after tax.

Sensitivity analysis of investments

In millions of euros	Impact on result after tax at 30 June 2013	Impact on equity at 30 June 2013	Impact on result after tax at 31 December 2012	Impact on equity at 31 December 2012
Credit spread risk +50 bps	-280.8	-318.9	-296.4	-325.8
Credit spread risk -50 bps	298.0	337.6	314.9	345.6
Interest rate risk +25 bps	-611.5	-652.5	-647.5	-679.4
Interest rate risk -25 bps	644.8	689.9	685.6	718.7
Equity risk +10%	-46.1	111.0	-33.7	114.0
Equity risk -10%	52.9	-90.1	49.6	-84.5
Property risk +10%	156.3	192.1	176.8	187.5
Property risk -10%	-156.3	-192.1	-176.8	-187.5

Sensitivity analysis of liabilities

In millions of euros	Impact on result after tax at 30 June 2013	Impact on equity at 30 June 2013	Impact on result after tax at 31 December 2012	Impact on equity at 31 December 2012
Credit spread risk +50 bps	5.3	15.4	5.4	14.3
Credit spread risk -50 bps	-5.6	-16.2	-5.7	-15.0
Interest rate risk +25 bps	572.3	579.0	634.0	640.4
Interest rate risk -25 bps	-654.0	-660.9	-720.0	-726.6
Equity risk +10%	28.7	27.8	37.3	36.3
Equity risk -10%	-32.5	-31.6	-42.3	-41.4
Property risk +10%	-40.6	-40.6	-40.3	-40.3
Property risk -10%	40.6	40.6	40.3	40.3
Longevity risk -5%	-172.3	-172.3	-169.3	-169.3
Expense risk +10%	-47.7	-40.3	-60.5	-39.2
Claims ratio +5%	-15.9	-15.9	-48.0	-48.0
Mortality risk +5%	160.4	160.4	159.4	159.4

The IGD sensitivities can be described as follows:

Sensitivity factor IGD	Description of sensitivity factor used
Credit risk	The effect of a 0.5% change in credit spread (applicable to (sub-) sovereign bonds with a rating below AAA, corporate and collateralised bonds, mortgages and loans).
Interest rate	The effect of a 0.25% increase or decrease across the yield curve taking the UFR methodology into account
Equity markets	The effect of a 10% change in equity markets (applicable to ordinary shares, 5% participations, investment funds and derivatives).
Property	The effect of a 10% change in property (applicable to (owner occupied) offices, residential, retail and other property)

The table below shows the impact of the main market risks on the available IGD solvency after tax. The IGD sensitivities are based on local policies for calculating solvency.

Sensitivity analysis of investments and liabilities according to IGD

In millions of euros	Impact on available solvency at 30 June 2013	Impact on available solvency at 31 December 2012
Credit spread risk +50 bps	-272.6	-288.3
Credit spread risk -50 bps	288.6	304.2
Interest rate risk +25 bps	-50.0	-38.7
Interest rate risk -25 bps	96.9	44.1
Equity risk +10%	129.3	155.0
Equity risk -10%	-114.1	-130.7
Property risk +10%	145.8	141.9
Property risk -10%	-145.8	-141.9

Credit spread risk
The credit spread sensitivities at year 2012 have been adjusted. The impact of mortgages changed to align the IGD sensitivities with the IFRS sensitivities.

Interest rate risk
Interest rates have been historically low in recent years. A parallel decrease in interest rates by 100 basis points results in negative interest rates for the short maturities. In the sensitivity analysis presented in the 2012 annual report Delta Lloyd Group did not take into account the negative rates. The result was a large asymmetry in the interest rate sensitivities. Due to this asymmetry it is difficult to predict the impact of smaller interest rate shocks on the basis of the 100 basis point sensitivities. Differences in interest rates from month to month, and even quarter to quarter, are often not much bigger than 25 basis points. Delta Lloyd Group has therefore decided to report 25 basis point interest rate sensitivities instead of 100 basis point sensitivities.

Under IFRS, liabilities are measured using the Collateralised AAA curve. Delta Lloyd Group introduced the UFR methodology in the Collateralised AAA curve as per half year 2013. The UFR methodology is also applied to the curve after a 25 basis point movement. Consequently the sensitivity of the liabilities to interest rates decreases. The sensitivity to investments also decreases due to the increase in interest rates in the first half year. The decrease in sensitivity of the liabilities is larger than the decrease on investments. As a result, total IFRS sensitivity has decreased and Delta Lloyd Group has become sensitive to an increase in interest rate for IFRS as per half year 2013.

The sensitivity of the liabilities under IGD decreased due to the increase in the ECB AAA curve. As for IFRS, the impact on investments decreased. Delta Lloyd Group has become more sensitive to an increase in interest rates as the impact on the liabilities decreased more than the impact on the investments.

The downgrade of France on 12 July 2013, led to a decrease in ECB AAA curve, and hence to an increase in sensitivity impact on the liabilities. As a result the IGD impact of a 25 basis point decrease in interest rates per 12 July is equal to € 60 million, whereas the impact of a 25 basis point increase equals to € -24 million.

Equity risk
The impact of equity risk on the result is different than the impact of equity risk on the solvability due to equity derivatives. Sensitivity to a fall in equity markets has decreased mainly as a result of decreased equity exposure. As per half year 2013, the hedging programme has less effect on the -10% decreases in equity markets. The effectiveness of the hedging programme for larger decreases in equity markets however has improved compared to year end 2012.

Claims risk
Sensitivity to a 5% increase in the claims ratio is based on the current claims ratio at half year 2013 and therefore on half a year’s earned premium.

Limitations of sensitivity analysis
The tables show the effect of a change in one of the key assumptions while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analyses do not take into consideration that Delta Lloyd Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs.

Solvency II
There is still considerable uncertainty about the methodology and parameters to determine the discounting curve under Solvency II. Therefore, there is also uncertainty about the solvency ratio under Solvency II. Following publication of the Long-Term Guarantees Assessment report by European Insurance and Occupational Pensions Authority (EIOPA), a proposal will be discussed among the European legislative authorities, which must lead to the adoption of Omnibus II in October 2013. We expect serious debates between these three bodies, fuelled by lobbying activities from the insurance sector. In April, the Dutch Ministry of Finance announced amendments to legislation dealing with the supervision of Dutch insurers regarding dividend payments.

For life insurers in the Netherlands, additional requirements will be introduced as per 1 January 2014, where they need to meet both the current Solvency I requirements as well as a new theoretical solvency criterion ("Theoretisch Solvabiliteits Criterium" (TSC)). The intention is to ensure that insurance companies are still solvent should a number of stress scenarios materialise. These scenarios are derived from the standard formula of Solvency II. Therefore this additional regime is often called 'Solvency 1.5'. An annual submission to DNB is required.

Furthermore, life insurers need to have permission from DNB to pay dividends or other forms of equity distributions if they fail on the TSC stress scenarios.

2.8. Segment information

The following changes have been made to determine the operational result after tax and non-controlling interests from 2013:

Presentation changes

- At 31 December 2012, Delta Lloyd Group's 51% share in Friesland Bank Assurantiën Holding was sold to Friesland Bank NV. According to management, the results of the joint venture therefore do not represent the performance of the ongoing business operations. As a result, the operational technical results are no longer included in the operational result. This has a negative effect of € 0.8 million after tax on operational result for the first half year 2012.
- On 2 April 2013, the sale of the General Insurance activities in Belgium (under the 'Zelia' brand) to Fidea was closed. According to management, the results of the Belgian General Insurance portfolio therefore do not represent the performance of the ongoing business operations. As a result, the operational technical results are no longer included in the operational result. This has a positive effect of € 0.1 million after tax on the operational result (2012: € 2.8 million).

The impact of these presentation changes on the operational result for the first half year 2012 is disclosed in section 2.8.1. table 'Income and result for the first half year 2012'.

2.8.1. Segment results

Income and result for the first half year 2013

In millions of euros	Life	General	Bank	Asset management	Other	Eliminations	Total
Income							
Gross written premiums	1,690.0	860.1	-	-	-	-	2,550.1
Net premiums earned	**1,655.7**	**767.0**	**-**	**-**	**-**	**-**	**2,422.7**
Fee and commission income	6.8	32.3	38.4	66.7	27.5	-50.8	120.8
Net investment income							
Interest income	553.7	28.6	130.7	10.1	127.1	-47.3	803.0
Net rental income	62.5	-	-	-	-	-3.2	59.3
Dividends	191.8	4.7	-	-	-	-	196.5
Movements in the fair value of investments classified as held for trading	1.3	-	0.5	-	-	-	1.8
Movements in the fair value of investments classified as other than trading	-649.6	-2.5	-15.0	1.2	-88.2	-	-754.1
Realised gains and losses on investments classified as available for sale	61.3	36.3	-23.5	-	45.5	-	119.6
Impairment of investments classified as available for sale	-73.6	-0.5	-0.1	-	-	-	-74.2
Reversal of impairment of investments classified as available for sale	-	0.2	-	-	-	-	0.2
Result from loans and receivables	0.1	-0.2	-	-	-	-	-
Impairment of loans and receivables	-2.6	-	-5.9	-	-2.4	-	-10.8
Reversal of impairment of loans and receivables	0.7	-	3.6	-	-	-	4.2
Result from derivatives	-534.8	9.4	4.9	1.7	118.6	-	-400.2
Other investment income	-51.0	-	-	-	-2.9	-3.7	-57.6
Share of profit or loss after tax of associates	0.4	-	-	-0.1	-	-	0.3
Total investment income	**-439.8**	**76.0**	**95.2**	**12.9**	**197.6**	**-54.2**	**-112.2**
Other income	0.5	1.4	-	-	-13.3	-	-11.4
Total income	**1,223.2**	**876.7**	**133.6**	**79.6**	**211.9**	**-105.0**	**2,420.0**
Total intercompany income	-62.0	-56.0	-18.2	-29.4	60.6	105.0	-
Revenue from external customers	**1,161.2**	**820.7**	**115.4**	**50.3**	**272.5**	**-**	**2,420.0**
Result after tax and non-controlling interests	-111.5	33.5	-21.3	19.4	-23.0	-	-102.9
Operational result after tax and non-controlling interests	**156.5**	**40.8**	**9.5**	**21.1**	**-18.5**	**-**	**209.4**

Income and result for the first half year 2012

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Income							
Gross written premiums	2,151.9	939.0	-	-	-	-	3,091.0
Net premiums earned	**2,136.4**	**750.9**	**-**	**-**	**-**	**-**	**2,887.3**
Fee and commission income	3.4	30.8	37.4	71.3	18.2	-47.5	113.7
Net investment income							
Interest income	582.5	31.7	128.3	16.7	187.7	-68.2	878.6
Net rental income	67.9	-	-	-	0.2	-6.1	62.1
Dividends	274.5	8.2	-	-	2.1	-	284.8
Movements in the fair value of investments classified as held for trading	-	-	1.1	-	0.4	-	1.5
Movements in the fair value of investments classified as other than trading	978.4	2.0	17.4	-	136.1	-	1,133.7
Realised gains and losses on investments classified as available for sale	49.4	34.2	9.7	-	0.5	-	93.8
Impairment of investments classified as available for sale	-59.7	-25.7	-	-	-9.5	-	-94.9
Reversal of impairment of investments classified as available for sale	-	0.1	-	-	-	-	0.1
Result from loans and receivables	1.0	0.1	-18.9	-	-	-	-17.8
Impairment of loans and receivables	-0.5	-	-6.8	-	-1.5	-	-8.9
Reversal of impairment of loans and receivables	1.6	-	2.1	-	3.0	-	6.7
Result from derivatives	522.0	-1.0	-15.2	1.5	-115.3	-	392.0
Other investment income	2.1	-0.1	-	-	-114.9	-	-112.8
Share of profit or loss after tax of associates	15.5	3.1	-	-	-4.0	-	14.7
Total investment income	**2,434.6**	**52.6**	**117.6**	**18.2**	**84.8**	**-74.3**	**2,633.5**
Other income	21.9	-1.4	0.2	-	-10.7	-3.3	6.7
Total income	**4,596.2**	**832.9**	**155.2**	**89.5**	**92.3**	**-125.1**	**5,641.1**
Total intercompany income	64.9	2.8	38.1	23.1	-3.8	-125.1	-
Revenue from external customers	**4,531.3**	**830.1**	**117.1**	**66.4**	**96.1**	**-**	**5,641.1**
Result after tax and non-controlling interests	-760.1	-33.2	-31.4	21.8	-139.5	-	-942.5
Operational result after tax and non-controlling interests in interim financial report 2012	**185.5**	**29.2**	**-7.7**	**23.1**	**-11.8**	**-**	**218.4**
Disposal of Friesland Bank Assurantiën	-	-0.8	-	-	-	-	-0.8
Discontinuation of general insurance activities in Delta Lloyd Life Belgium	-	2.8	-	-	-	-	2.8
Operational result after tax and non-controlling interests	**185.5**	**31.2**	**-7.7**	**23.1**	**-11.8**	**-**	**220.4**

The ‘Other’ segment consists mainly of holding company overheads, interest expenses, the results of Amstelhuys and the run-off healthcare business.

2.8.2. Segment statement of financial position

Segment statement of financial position at 30 June 2013

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Assets							
Intangible assets	58.0	28.6	17.5	16.3	284.7	-	405.0
Associates and joint ventures	260.6	-	-	0.2	3.2	-	263.9
Financial investments	50,734.4	2,455.5	9,949.5	737.2	5,739.2	-2,457.9	67,158.0
Reinsurance assets	412.7	131.2	-	-	-	-	543.9
Assets held for sale	6.1	-	6.3	-	0.3	-	12.7
Other assets	6,271.5	649.6	793.9	691.1	2,957.8	-3,258.4	8,105.4
Total assets	**57,743.2**	**3,264.9**	**10,767.2**	**1,444.7**	**8,985.1**	**-5,716.3**	**76,488.8**
Total shareholders' funds	**2,592.4**	**490.3**	**385.5**	**47.7**	**-1,013.2**	**-**	**2,502.6**
Liabilities							
Insurance liabilities	41,792.8	2,406.9	-	-	-	-	44,199.7
Borrowings	588.3	98.2	435.7	130.0	5,246.1	-717.1	5,781.3
Other liabilities	12,769.7	269.6	9,946.0	1,267.0	4,752.2	-4,999.2	24,005.3
Total liabilities	**55,150.9**	**2,774.6**	**10,381.8**	**1,397.0**	**9,998.3**	**-5,716.3**	**73,986.2**
Total shareholders' funds and liabilities	**57,743.2**	**3,264.9**	**10,767.2**	**1,444.7**	**8,985.1**	**-5,716.3**	**76,488.8**
Capital expenditure							
Property and equipment	0.1	-	1.2	-	1.7	-	3.0
Intangible assets	0.5	-	1.9	-	1.4	-	3.8
Total capital expenditure	**0.6**	**-**	**3.1**	**-**	**3.0**	**-**	**6.8**

Segment statement of financial position at 31 December 2012

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Assets							
Intangible assets	61.1	29.4	16.2	17.5	294.0	-	418.2
Associates and joint ventures	190.2	-	-	0.3	3.2	-	193.6
Financial investments	52,864.2	2,414.2	9,880.9	950.5	6,723.2	-3,836.8	68,996.3
Reinsurance assets	416.9	143.5	-	-	-	-	560.4
Assets held for sale	107.0	-	6.3	-	20.4	-	133.8
Other assets	5,997.8	844.3	1,260.2	1,329.4	3,934.7	-3,673.0	9,693.3
Total assets	**59,637.2**	**3,431.5**	**11,163.7**	**2,297.8**	**10,975.4**	**-7,509.9**	**79,995.6**
Total shareholders' funds	**2,812.4**	**483.5**	**416.3**	**66.9**	**-1,166.2**	**-**	**2,612.8**
Liabilities							
Insurance liabilities	42,423.4	2,433.3	-	-	-	-	44,856.7
Borrowings	510.3	98.1	475.2	93.1	6,189.5	-673.8	6,692.3
Other liabilities	13,891.1	416.6	10,272.2	2,137.8	5,952.1	-6,836.1	25,833.8
Total liabilities	**56,824.8**	**2,948.0**	**10,747.4**	**2,230.9**	**12,141.6**	**-7,509.9**	**77,382.8**
Total shareholders' funds and liabilities	**59,637.2**	**3,431.5**	**11,163.7**	**2,297.8**	**10,975.4**	**-7,509.9**	**79,995.6**
Capital expenditure							
Property and equipment	1.6	-	3.1	-	13.2	-	17.9
Intangible assets	0.2	-	2.6	-	8.3	-	11.0
Total capital expenditure	**1.7**	**-**	**5.7**	**-**	**21.6**	**-**	**29.0**

2.8.3. Reconciliation of the primary financial statements

The reconciliation of operational result after tax and non-controlling interests to the result before tax from continuing operations is as follows:

Reconciliation of the result for the first half year		
In millions of euros	**2013**	**2012**
Operational result after tax and non-controlling interests	**209.4**	**220.4**
Income tax	74.9	81.0
Non-controlling interests	15.2	23.3
Operational result before tax and non-controlling interests	**299.5**	**324.7**
Assumed long-term investment return	-181.4	-211.9
Fair value gains and losses	592.5	-2,204.9
Actual return after profit sharing / interest accrual	-729.2	879.3
Longevity - non operational	-4.0	57.8
Non-operational items	-86.9	-112.0
Operational result before tax and non-controlling interests from discontinued operations	-0.7	-13.8
Result before tax from continuing operations	**-110.3**	**-1,280.8**

In the first half of 2013 the Collateralised AAA curve increased, supported by the adoption of an Ultimate Forward Rate. This resulted in a decrease in the life insurance provision and is shown as 'fair value gains and losses' in the table above.

The increase in interest rates led to a considerably lower actual investment return in the first half of 2013, as the market value of the fixed income portfolio decreased, compared to the equivalent period in 2012 (when interest rates decreased).

The introduction of a prospective mortality table at Delta Lloyd Life Belgium had a € 57.8 million positive effect in the first half year of 2012 that has been classified as mortality/longevity - non operational. Longevity and mortality assumption changes have not yet taken place in 2013. The € 4.0 million longevity charge in the first half year of 2013 relates to the finalisation of the AG2012 mortality table implementation.

The non-operational items consist of the run off result on the terminated international marine portfolio of € -12.1 million (first half year 2012: € -65.1 million), the impact in WGA-ER of € -26.0 million (first half year 2012: negligible), the amortisation and impairments of € -18.4 million (first half year 2012: € -14.9 million) and other non-operational items of € -30.4 million (first half year 2012: € -32.0 million).

The management cost base can be allocated to the following segments:

Management cost base per segment		
In millions of euros	**2013**	**2012**
Life Insurance	131.7	136.9
General Insurance	117.7	112.9
Bank	70.7	82.9
Asset Management	20.4	27.0
Other	37.3	28.0
Total	**377.8**	**387.8**

Reconciliation IFRS operational costs to other operating expenses first half year		
In millions of euros	**2013**	**2012**
Other operating expenses	325.2	319.7
Allocated to expenses relating to the acquisition of insurance and investment contracts	105.8	114.3
Movement in other provisions	-2.9	18.5
Non-operational costs	-50.3	-52.1
Expenses from discontinued operations	-	-12.5
Management cost base	**377.8**	**387.8**

The table below provides details of the other operating expenses.

Other operating expenses first half year		
In millions of euros	**2013**	**2012**
Other operating expenses		
Staff costs and other employee-related expenditures	282.0	278.0
Amortisation of intangible fixed assets	8.0	9.0
Depreciation on property and equipment	6.8	8.3
Operating expenses	114.2	123.5
Impairment of property held for sale	0.1	0.3
Impairment of goodwill	9.1	-
Impairment of property and equipment	1.4	-
Impairment of inventory of real estate projects	9.8	14.5
Impairment of receivables	2.6	3.5
Reversal of impairment of receivables	-3.0	-3.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-105.8	-114.3
Total other operating expenses	**325.2**	**319.7**

In the first half year of 2012 the non-operational costs were restated to reflect the sale of Friesland Bank Assurantiën (€ 5.4 million) and the General Insurance activities in Belgium (€ 5.3 million). The 'expenses from discontinued operations' in the first half year of 2012 of € -12.5 million mainly consists of the € 13.0 million release of the prudential provision for Delta Lloyd Group Zorg.

Allocated to expenses relating to the acquisition of insurance and investment contracts of € 105.8 million include acquisition costs of € 79.2 million (first half year 2012: € 82.3 million) and costs for handling claims of € 26.5 million (first half year 2012: € 32.0 million).

The non-operational costs consist of impairments of € 18.4 million (first half year 2012: € 14.9 million), several non-operational projects of € 15.0 million (first half year 2012: € 11.6 million) such as Solvency II and SEPA, and other non-operational costs of € 16.8 million (first half year 2012: € 25.6 million).

2.9. Notes to the statement of financial position

2.9.1. Goodwill

Based on the final agreement, the acquisition of the 15% minority share of Cyrte Investments has led to an additional adjustment in goodwill of € 1.0 million. The updated impairment test performed as per 30 June 2013 resulted in a carrying amount of € 21.3 million for Cyrte Investments and as such to an impairment of € 9.1 million which is charged to the 'other operating expenses'.

2.9.2. Financial investments own risk

Financial investments for own risk

In millions of euros	**30 June 2013**	**31 December 2012**
Debt securities	25,516.2	25,232.8
Equity securities	3,960.2	4,322.1
Derivatives	1,524.8	2,550.3
Loans at fair value through profit or loss (FVTPL)	5,961.2	6,249.1
Loans and receivables at amortised cost	16,739.4	17,106.7
Total financial investment	**53,701.8**	**55,461.0**

Fair value of financial investments for own risk by category at 30 June 2013

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total
Debt securities	-	6.4	21,340.2	4,169.5	25,516.2
Equity securities	-	0.8	622.0	3,337.5	3,960.2
Derivatives	-	1,524.8	-	-	1,524.8
Loans at fair value through profit or loss (FVTPL)	-	-	5,961.2	-	5,961.2
Loans and receivables at amortised cost	18,093.8	-	-	-	18,093.8
Total	**18,093.8**	**1,532.0**	**27,923.4**	**7,507.0**	**55,056.3**

Fair value of financial investments for own risk by category at 31 December 2012

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total
Debt securities	-	14.4	21,695.1	3,523.3	25,232.8
Equity securities	-	3.4	672.0	3,646.7	4,322.1
Derivatives	-	2,550.3	-	-	2,550.3
Loans at fair value through profit or loss (FVTPL)	-	-	6,249.1	-	6,249.1
Loans and receivables at amortised cost	18,625.3	-	-	-	18,625.3
Total	**18,625.3**	**2,568.1**	**28,616.2**	**7,170.0**	**56,979.6**

Derivatives for own risk

In millions of euros	Contract / notional amount 30 June 2013	Fair value asset 30 June 2013	Fair value liability 30 June 2013	Contract / notional amount 31 December 2012	Fair value asset 31 December 2012	Fair value liability 31 December 2012
Foreign exchange contracts						
OTC						
Forwards	8,726.1	20.7	33.8	9,355.7	75.5	52.3
Currency swaps*	161.6	169.0	169.0	-	158.8	157.4
Total foreign exchange contracts	**8,887.7**	**189.7**	**202.7**	**9,355.7**	**234.3**	**209.7**
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	2,075.2	2.3	105.4	2,037.5	-	118.6
Interest rate and currency swaps not held for fair value hedge accounting	17,394.9	990.8	980.4	21,592.9	1,601.5	1,403.5
Swaptions	4,400.0	200.2	-	6,500.0	462.1	0.8
Exchange traded						
Futures	1,347.1	-	-	910.2	-	-
Swaptions	550.0	0.7	-	550.0	0.6	-
Total interest rate contracts	**25,767.3**	**1,194.0**	**1,085.8**	**31,590.6**	**2,064.2**	**1,522.9**
Equity/index contracts						
OTC						
Options	3,726.8	107.2	301.3	6,477.3	191.7	343.4
Exchange traded						
Futures	349.9	-	-	259.9	-	-
Options	224.9	15.0	-	269.3	20.6	-
Total equity/index contracts	**4,301.6**	**122.2**	**301.3**	**7,006.5**	**212.3**	**343.4**
Credit default swaps	**775.0**	**18.9**	**4.9**	**956.4**	**39.5**	**2.0**
Total	**39,731.6**	**1,524.8**	**1,594.8**	**48,909.2**	**2,550.3**	**2,078.0**

*In 2012 no notional amount of the currency swaps is reported for back-to-back transactions.

The notionals of the equity derivatives decreased due to restructuring of the hedging program.

Accumulated impairment of debt securities available for sale		
In millions of euros	30 June 2013	31 December 2012
At 1 January	**23.6**	**59.7**
Impairment charges during the period	0.6	1.5
Reversal of impairment charges during the period	-0.2	-1.7
Disposals	-2.0	-35.9
Total	**22.0**	**23.6**

Accumulated impairment of equity securities available for sale		
In millions of euros	30 June 2013	31 December 2012
At 1 January	**1,176.3**	**1,135.3**
Impairment charges during the period	73.6	184.1
Disposals	-64.0	-143.1
Total	**1,185.9**	**1,176.3**

Accumulated impairment of loans and receivables at amortised cost		
In millions of euros	30 June 2013	31 December 2012
At 1 January	**112.5**	**101.4**
Impairment charges during the period	11.5	33.9
Reversal of impairment charges during the period	-4.9	-11.5
Irrecoverable	-	0.5
Disposals	-1.5	-7.4
Other	-	-4.4
Total	**117.6**	**112.5**

2.9.3. Investments at policyholders' risk

Carrying value of financial investments related to unit-linked liabilities		
In millions of euros	30 June 2013	31 December 2012
Debt securities	2,905.9	2,697.4
Equity securities	10,195.2	10,352.2
Derivatives	200.5	358.5
Receivables and other financial assets	116.6	114.3
Prepayment and accrued income	2.0	3.2
Cash and cash equivalents	36.0	9.6
Total	**13,456.2**	**13,535.2**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,489.0	12,544.7
Unit-linked contracts classified as investment contracts	466.5	452.2
Derivatives liabilities	10.1	22.8
Third-party interests in investment funds	1,037.1	1,065.6
Total	**14,002.7**	**14,085.4**

2.9.4. Insurance liabilities

Insurance liabilities at 30 June 2013

In millions of euros	Life	General	Total
Discretionary participating contracts	7,623.2	-	7,623.2
Non-discretionary participating contracts	4,097.4	0.1	4,097.4
Unit-linked non-participating contracts	12,489.0	-	12,489.0
Other non-participating contracts	17,583.2	-	17,583.2
Outstanding claims provisions	-	1,342.3	1,342.3
Provision for claims handling expenses	-	59.2	59.2
Provision for claims incurred but not reported	-	609.0	609.0
Provision for unearned premiums	-	384.3	384.3
Provision for unexpired risks	-	12.0	12.0
Total	**41,792.8**	**2,406.9**	**44,199.7**

Insurance liabilities at 31 December 2012

In millions of euros	Life	General	Total
Discretionary participating contracts	7,616.9	-	7,616.9
Non-discretionary participating contracts	4,334.8	0.1	4,334.9
Unit-linked non-participating contracts	12,544.7	-	12,544.7
Other non-participating contracts	17,926.9	-	17,926.9
Outstanding claims provisions	-	1,309.6	1,309.6
Provision for claims handling expenses	-	52.8	52.8
Provision for claims incurred but not reported	-	577.2	577.2
Provision for unearned premiums	-	344.6	344.6
Provision for unexpired risks	-	15.0	15.0
Total	**42,423.4**	**2,299.3**	**44,722.7**

Statement of changes in life insurance business provisions

In millions of euros	30 June 2013	31 December 2012
At 1 January	**42,423.4**	**37,046.8**
Provisions in respect of new business	597.1	1,494.5
Expected change in existing business provisions	-451.5	-543.3
Movement in longevity provision	-6.9	411.1
Variance between actual and expected experience	-52.0	-348.1
Effect of operating assumption changes	-9.2	-100.6
Effect of economic assumption changes	-680.9	4,456.2
Other movements recognised as expense	-3.1	6.3
Change in liability recognised as expense	**-606.5**	**5,376.2**
Other movements not recognised as expense	-24.1	0.4
Total	**41,792.8**	**42,423.4**

The changes in economic assumptions are mainly a result of price effects and the effect of interest rate movements reflected in the Collateralised AAA curve on which many of the provisions are based. The related impact of changes in market interest rates has a decreasing effect on the insurance provisions of € 529.9 million (year end 2012: € 4,125 million increase). Part of this effect is the impact of the introduction of the UFR within the Collateralised AAA curve which has a decreasing effect on the insurance provisions of € 180.1 million (and € 14.7 million on 'Liabilities for investment contracts').

Effect of operating assumption changes in the first half year of 2013 of € -9.2 million (year end 2012: € -100.6 million, mainly due to new mortality tables) relates to:

- Adjustments to the non economic assumptions in Delta Lloyd Life's adequacy test of € -11.3 million (and € -12.1 million on 'Liabilities on investment contracts');
- Germany adjusted its annuity mortality assumptions as prescribed by the German regulator which had an effect on the provision of € 2.1 million.

Other movements recognised as expense in the first half year of 2013 of € -3.1 million (year end 2012: € 6.3 million) relate to:

- The agreement between Delta Lloyd Group (including ABN AMRO Levensverzekering from 21 December 2010) and Stichting Verliespolis and Stichting Woekerpolis Claim on details of the compensation scheme to cap the charges for individual and group unit-linked insurance products;
- Adjustments to the explicit assumptions in the adequacy test at Delta Lloyd Life.

Other movements not recognised as expense in the first half year of 2013 of € -24.1 million (year end 2012: € 0.4 million) relate to profit sharing in Germany.

Statement of changes in general insurance claims provisions[1]

In millions of euros	30 June 2013	31 December 2012
At 1 January	**1,939.7**	**1,687.5**
Effect of changes in operational assumptions	3.6	-6.8
Effect of changes in economic assumptions	-3.3	27.7
Claim losses and expenses incurred in the current year	489.5	1,170.1
Movement in anticipated claim losses and expenses incurred in prior years	54.2	160.3
Incurred claims losses and expenses	**544.1**	**1,351.3**
Payments made on claims incurred in the current year	-151.5	-495.7
Payments made on claims incurred in prior years	-348.2	-531.4
Recoveries on claim payments	7.1	13.9
Claims payments made in the year, net of recoveries	**-492.6**	**-1,013.2**
Increase in provision due to passage of time	7.5	15.5
Other movements in the claims provisions	10.3	8.8
Movement in claims provision recognised as expense	**69.2**	**362.5**
Transfer from and to the Liabilities relating to assets held for sale category	0.2	-119.8
Other gross movements	1.5	9.6
Total	**2,010.6**	**1,939.7**

1) Excluding provisions for unearned premiums and provisions for unexpired risk

The changes in economic assumptions relate to the change in the Collateralised AAA curve. The additional provision for anticipated claim losses and expenses incurred in prior years is mainly driven by additional WGA ER reserves of € 38.2 million. The other movements in the claim provisions include an increase of € 5.2 million due to exchange rates effects in the International Marine Business. The remaining part is due to a delay in reporting in the co-insurance business.

2.9.5. Pension obligations

In January 2013, Delta Lloyd Pensioenfonds decided to split its investment portfolio. The portfolio is still reinsured at Delta Lloyd Levensverzekering to a coverage ratio of 105%. The amount above 105% is invested for own risk of Delta Lloyd Pensioenfonds (€ 219.3 million). The current (IFRS) coverage ratio is calculated at 119% (year end 2012: 115%). When the coverage ratio falls below 105%, supervision by DNB will be intensified. Should the coverage ratio drop below the 100%, the related loss is guaranteed by Delta Lloyd Levensverzekering.

The pension obligations decreased during the first half year of 2013 from € 2,370.7 million to € 2,085.3 million. This is mainly caused due to the fact that the investments for own risk of Delta Lloyd Pensioenfonds of € 219.3 million are netted with the pension obligations.

The figures in the following tables are before tax.

Changes in other comprehensive income first half year

In millions of euros	**2013**	**2012**
Actuarial gains and (losses) on pension obligations due to changes in financial assumptions (mainly discount rate change)	168.2	-291.1
Actuarial gains and (losses) on pension obligations due to adjustment for funding agreement	-67.4	120.2
Actuarial gains and (losses) on pension obligations due to experience adjustments	-	26.6
Actuarial gains and (losses) on pension assets	2.3	-0.5
Actuarial gains and (losses) on change in asset limit	-0.4	0.5
Total changes in other comprehensive income	**102.6**	**-144.3**

Pension expenses first half year

In millions of euros	**2013**	**2012**
Service cost	31.2	24.7
Net interest expense	34.1	45.0
Pension expense for defined benefit plans	**65.3**	**69.7**
Pension expense for defined contribution plans	0.8	1.2
Other pension expenses	-	-1.1
Total pension expense recognised in the income statement	**66.1**	**69.8**
Investment (income) / expense	89.9	-166.0
Total pension result recognised in the income statement	**155.9**	**-96.2**
Actuarial (gains) and losses recognised in OCI	-102.6	144.3
Net pension result	**53.3**	**48.1**

Sensitivity analysis of defined benefit obligations

In millions of euros	**30 June 2013**	**31 December 2012**
Interest rate risk +25 bps	70.0	70.1
Interest rate risk -25 bps	-70.0	-70.1
Value of equity shares +10%	-37.4	-33.8
Value of equity shares -10%	37.4	33.8

2.9.6. Borrowings

Fonds NutsOHRA

Fonds NutsOhra converted € 3.0 million preference shares A (nominal value € 0.20 per share) into ordinary shares Delta Lloyd NV, against an additional payment of € 30.742 nominal per share. The conversion was funded through the Fonds NutsOhra subordinated loan to Delta Lloyd Group. As a result, the book value of the subordinated loan decreased by € 40.7 million to € 136.0 million (nominal value decreased by € 92.2 million) and the convertible loan decreased by € 0.6 million to € 2.0 million.

Securitised mortgages

In the first half year of 2013, the Arena 2006-I notes were repaid at par (€ 753.3 million) on the first optional redemption date. This repayment was funded by Delta Lloyd Levensverzekering.

2.9.7. Assets and liabilities held for sale

The assets and liabilities classified as held for sale are as follows:

Assets and liabilities relating to assets held for sale

In millions of euros	30 June 2013	31 December 2012
Assets held for sale		
Property relating to Belgium	6.3	6.3
Investment property relating to Germany	6.4	127.5
Non-life insurance business relating to Belgium	-	149.6
Total	**12.7**	**283.4**
Liabilities held for sale		
Non-life insurance business relating to Belgium	-	135.2
Total	**-**	**135.2**

'Investment property relating to Germany' held for sale as at 31 December 2012 were all sold during the first half year of 2013. During the first half year of 2013 a contract to sell a commercial property of € 6.1 million was signed and has been placed in the held for sale category. The sale will be finalised when the granted license of building authority is received in writing which is expected to take place within the next two months. Two contracts to sell residential properties totalling € 0.3 million were signed and the sales was finalised in July 2013.

All non-life insurance business relating to Belgium was sold during the first half year of 2013 apart from the Disability Individual portfolio of € 0.8 million and the Guaranteed Income portfolio of € 18.6 million.

2.9.8. Fair value of financial assets and liabilities

The tables below show financial assets and liabilities measured at fair value and the total carrying value to maintain the link with the relevant statement of financial position items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

Assets

Property and equipment, Investment property and Inventory of real estate projects
The fair value is assessed by qualified external appraisers, in compliance with International Valuation Standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS Valuation Standards prescribed by the Royal Institution of Chartered Surveyors. Desktop appraisals are performed each half year and full appraisals are carried out every three years (the Netherlands every half year). Each appraisal is independently executed by two external appraisers. The main assumptions used in the appraisals of property are the current leases discounted by the gross initial yield. Also taking into account as assumption are the best estimates of future renovations and maintenance and realistic estimates of probability of vacancy, future rent discount and re-letting expectations.

The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Financial instruments (debt securities, equity securities and derivatives)
Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input other than the available market prices: measurement derived from pricing. If no direct external or derived market prices are available, Delta Lloyd Group uses brokers' quotes. This category includes measurement based on Delta Lloyd Group's own measurement models (for derivative financial instruments) and statements from fund managers (for private equity investments).

Loans at fair value through profit or loss and Loans and receivables at amortised cost
The fair value of loans and receivables is estimated by comparing discounted future cash flows using market interest rates at the date the loan was granted against current market interest rates for similar loans and advances at the reporting date. The measurement model takes into account the effect of a 5.5% (2012: 5.5%) probability of early repayment. As far as possible, the input for the model uses observable market data rather than unobservable data. Market data used include interest rates, volatilities, correlations and credit spreads. Where necessary, various supplementary factors such as the bid-offer spread, counterparty risk and the model uncertainty are taken into account.

The loans included in each of the two different categories have similar characteristics. Therefore no separate categories are presented.

Receivables, Other financial assets and Cash and cash equivalent
The carrying value of receivables, other financial assets and cash and cash equivalent is regarded as a good approximation of the fair value, as these assets have a short term nature.

Financial liabilities

Investment contracts liabilities
The fair value of the provision for non-participating investment contracts is initially established through the use of prospective discounted cash flow techniques. For unit-linked contracts, the value of the liability equals the fair unit-fund value, plus additional provisions for guaranteed returns, if required. The fair value of discretionary participating investment contracts is the same as that for life insurance contracts.

Financial instruments (Subordinated debt, Medium-term notes, Commercial paper, Convertible loans)
The fair value of financial instruments is estimated by discounting future cash flows using the discount rate applicable at the reporting date.

Securitised mortgages
The fair value of the securitised mortgages is calculated by discounting the expected future cash flows at the market interest rates.

Amounts owed to credit institutions
The fair value of amounts owed to credit institutions is not materially different from the carrying value.

Other borrowings and other financial liabilities
The carrying value of other borrowings and other financial liabilities is regarded as a good approximation of the fair value, as they have a short term nature.

These financial instruments are categorised every reporting period according to the following fair value hierarchy:

Published prices in active markets ('Level 1')
Fair value measured at level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equities, bonds and investment funds listed on active markets.

Measurement method based on (significant) observable market inputs ('Level 2')
Fair value measured at level 2 uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given (contractual) term, a level 2 input variable must be observable for practically the full term of that asset or liability.

Level 2 involves the following input variables:
- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields (such as securitised mortgages or private interest rate derivatives, investment property measured using observable market data and quoted debt instruments or equities in a non-active market).

Measurement method not based on (significant) observable market inputs ('Level 3')
Fair value measured at level 3 uses inputs for the asset or liability that are not based on observable market data. Unobservable inputs can be used if observable inputs are not available, and so fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. Measurement is then based on management's best estimate that the market would use to measure the financial instrument. Examples are certain private equity investments and private placements. For these investments updated financial information is received on a quarterly basis, which is used as the input for the valuation of these assets. If the information received does not provide the required detailed information, an independent valuation is obtained. A variety of different parameters is used by the external parties involved in order to assess the best estimate of the market value of these investments.

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3. Where estimates are used, they are based on a combination of evidence from independent third parties and internal models, calibrated where possible against observable market input. Although such measurements can be sensitive to estimates, it is presumed that changing one or more assumptions to another reasonable alternative assumption will not significantly change the fair value.

Fair value of financial assets by measurement method at 30 June 2013

In millions of euros	Total carrying value	Total fair value	Measurement based on published prices	Measurement based on observable market inputs	Measurement not based on observable market inputs
Property and equipment	134.8	170.4	-	156.9	13.6
Investment property	2,121.5	2,121.5	-	2,120.1	1.4
Debt securities	25,516.2	25,516.2	25,022.1	447.2	47.0
Equity securities	3,960.2	3,960.2	2,342.4	577.7	1,040.2
Derivatives	1,524.8	1,524.8	107.2	1,417.6	-
Loans at fair value through profit or loss	5,961.2	5,961.2	-	5,961.2	-
Loans and receivables at amortised cost	16,739.4	18,093.8	-	18,093.8	-
Inventory of real estate projects	20.7	20.7	-	20.7	-
Receivables and other financial assets	1,819.8	1,819.8	751.3	1,068.5	-
Cash and cash equivalent	2,208.0	2,208.0	2,208.0	-	-
Total assets for own risk	**60,006.6**	**61,396.8**	**30,430.9**	**29,863.8**	**1,102.1**
Investments at policyholders' risk	13,456.2	13,456.2	9,109.1	4,285.8	61.3
Total	**73,462.8**	**74,853.0**	**39,540.0**	**34,149.5**	**1,163.4**

Fair value of financial assets by measurement method at 31 December 2012

In millions of euros	Total carrying value	Total fair value	Measurement based on published prices	Measurement based on observable market inputs	Measurement not based on observable market inputs
Property and equipment	140.8	175.2	-	161.5	13.7
Investment property	2,167.5	2,167.5	-	2,166.0	1.4
Debt securities	25,232.8	25,232.8	23,937.6	1,240.6	54.6
Equity securities	4,322.1	4,322.1	2,693.9	542.6	1,085.7
Derivatives	2,550.3	2,550.3	-	2,550.3	-
Loans at fair value through profit or loss	6,249.1	6,249.1	-	6,249.1	-
Loans and receivables at amortised cost	17,106.7	18,625.3	-	18,625.3	-
Inventory of real estate projects	30.2	30.2	-	30.2	-
Receivables and other financial assets	2,209.5	2,209.5	972.6	1,236.9	-
Cash and cash equivalent	2,570.6	2,570.6	2,570.6	-	-
Total assets for own risk	**62,579.5**	**64,132.5**	**30,174.7**	**32,802.4**	**1,155.4**
Investments at policyholders' risk	13,535.2	13,535.2	8,271.7	5,196.7	66.8
Total	**76,114.7**	**77,667.7**	**38,446.4**	**37,999.1**	**1,222.2**

Fair value of financial liabilities by measurement method at 30 June 2013

In millions of euros	Total carrying value	Total fair value	Measurement based on published prices	Measurement based on observable market inputs	Measurement not based on observable market inputs
Liabilities for investment contracts	4,666.3	4,711.6	406.7	4,304.8	0.1
Subordinated debt	679.2	899.4	557.8	341.7	-
Securitised mortgages	4,023.3	4,181.2	2,918.5	1,262.8	-
Amounts owed to credit institutions	73.4	73.5	-	73.5	-
Medium-term note	572.1	622.8	622.8	-	-
Commercial paper	130.0	130.0	130.0	-	-
Convertible loan	2.0	-0.9	-	-0.9	-
Other borrowings	301.2	301.2	-	301.2	-
Derivatives	1,604.8	1,604.8	5.3	1,599.5	-
Other financial liabilities	12,128.4	12,149.4	5,653.8	6,495.6	-
Total	**24,180.7**	**24,673.1**	**10,294.9**	**14,378.3**	**0.1**

Fair value of financial liabilities by measurement method at 31 December 2012

In millions of euros	Total carrying value	Total fair value	Measurement based on published prices	Measurement based on observable market inputs	Measurement not based on observable market inputs
Liabilities for investment contracts	4,736.8	4,795.9	407.9	4,387.4	0.6
Subordinated debt	716.8	986.0	560.0	426.0	-
Securitised mortgages	4,897.2	4,918.9	3,667.9	1,250.9	-
Amounts owed to credit institutions	85.2	85.5	3.6	81.9	-
Medium-term note	571.8	623.1	623.1	-	-
Commercial paper	93.1	93.2	93.2	-	-
Convertible loan	2.6	1.3	-	1.3	-
Other borrowings	325.7	325.7	-	325.7	-
Derivatives	2,100.8	2,100.8	0.6	2,100.2	-
Other financial liabilities	12,989.9	12,989.5	4,861.3	8,128.2	-
Total	**26,519.7**	**26,919.8**	**10,217.6**	**16,701.6**	**0.6**

Statement of changes in financial instruments valued using a measurement method not based on observable market variables

In millions of euros	**2013**
At 1 January	**1,221.6**
Additions	15.8
Disposals	-69.2
Changes in fair value recognised through equity	-6.2
Changes in fair value recognised through profit and loss	-3.7
Transfer from measurement with observable market inputs	5.1
At 30 June	**1,163.4**

There are transfers from level 2 to level 1 amounting to € 311.8 million at Delta Lloyd Houdstermaatschappij Verzekeringen NV. This is due to the fact that transactions in several debt securities are now taking place with sufficient frequency and volume. Further, due to lack of quoted price for some debt securities, these securities are transferred out of level 1 to level 2 at this division as well. The transfer amounts to € 6.2 million.

The level 3 equity securities consist primary of private equity securities, in addition to the equity securities. The addition in level 3 regards investments in equity securities at Delta Lloyd Houdstermaatschappij Verzekeringen NV amounting to € 15.0 million. This division also disposed € 39.7 million equity securities. Further, due to the restructuring of Cyrte Investment BV, there is a € 13.4 million disposal of equity securities regarding these private equity funds.

The transfers from level 1 to level 3 are nil.

The transfers totalling to € 5.1 million from level 2 to level 3, are related to equity securities and debt securities. These transfers are mainly due to a lack of significant observable market variables.

The total gains and losses amounting to € 3.7 million on level 3 investments recognised in the income statement comprise gains and losses on debt securities, equity securities and financial assets at policyholders' risk. These gains and losses are presented as line item 'investment income' in the consolidated income statement.

The total unrealised revaluation on level 3 investments amounting to € 6.2 million through comprehensive income results from debt securities and equity held as available for sale. These gains and losses are recognised in the 'revaluation reserve' in the consolidated statement of comprehensive income. The realised gains or losses are transferred to income statement and presented as line 'realised gains en losses on investments classified as available for sale'.

2.10. Details of income

Details of income first half year		
In millions of euros	**2013**	**2012**
Premiums earned		
Life	1,690.0	2,151.9
General	860.1	939.0
Gross written premiums	**2,550.1**	**3,091.0**
Premiums ceded to reinsurers		
Life	-34.3	-15.6
General	-73.0	-79.9
Net written premiums	**2,442.8**	**2,995.5**
Gross movement in provision for unearned premiums	-39.3	-128.6
Reinsurers' share of movement in provision for unearned premiums	15.2	20.3
Net movement in provision for unearned premiums	**-20.1**	**-108.2**
Net premiums earned	**2,422.7**	**2,887.3**
Net investment income		
Interest income	802.3	877.7
Net rental income	59.3	62.1
Dividends	196.5	284.8
Movements in the fair value of investments classified as held for trading	1.8	1.5
Movements in the fair value of investments classified as other than trading	-754.1	1,133.7
Realised gains and losses on investments classified as available for sale	119.6	93.8
Impairment of investments classified as available for sale	-74.2	-94.9
Reversal of impairment of investments classified as available for sale	0.2	0.1
Result from loans and receivables	-	-17.8
Impairment of loans and receivables	-11.5	-8.9
Reversal of impairment of loans and receivables	4.9	6.7
Result from derivatives	-400.2	392.0
Other investment income	-57.6	-112.8
Share of profit or loss after tax of associates	0.3	14.7
Total investment income	**-112.9**	**2,632.7**
Fee and commission income		
Fee income from investment contract business	0.5	0.4
Fund management fee income	56.5	58.1
Other fee income	1.6	5.9
Total income from reinsurance premiums	15.3	17.3
Other commission income	46.9	31.9
Total fee and commission income	**120.8**	**113.7**
Other income	-12.1	6.7
Total income	**2,418.6**	**5,640.3**

2.11. Contingent liabilities and other risk factors

The contingent liabilities during the first half of 2013 increased to € 497.2 million (year end 2012: € 438.6 million). This is mainly due to an increase of creditfacilities (€ 57.0 million) at Delta Lloyd Bank Belgium.

2.12. Related party transactions

Delta Lloyd Group enters into various transactions with related parties in the normal course of business. Parties are considered related if one party has the ability to control or exercise significant influence over the financial or operating decisions of the other. Related party transactions take place at arm's length. No material changes in transactions occurred during the first half of 2013 compared to 2012.

2.13. Subsequent events

On Friday 12 July, ratings agency Fitch downgraded France's debt rating to AA+. As a result, the yield on the outstanding French government debt is no longer included in the ECB AAA curve. This downgrade affects our IGD Group solvency by approximately 15 percentage points, as we use the ECB AAA curve for our solvency calculation. At end-July 2013, our estimated IGD Group Solvency (i.e. without France) was 171%. The Dutch Association of Insurers is currently in discussion with the Dutch Central bank (DNB) about alternative valuation curves and the impact of the downgrade on the solvency of insurers. The DNB is expected to decide on a course of action in the coming weeks. This does not necessarily mean it will allow insurers to use an alternative for the ECB AAA or Swap curve. As the changes in the yield curve only apply after 12 July, they did not have any effect on calculations of solvency for the six-month period ending 30 June 2013.

3. Review report

To the Shareholders, the Supervisory Board and the Executive Board of Delta Lloyd NV

Introduction
We have reviewed the accompanying condensed consolidated interim financial report of Delta Lloyd NV, Amsterdam, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' funds, the consolidated cash flow statement for the six month period ended 30 June 2013 and the notes. Management is responsible for the preparation and presentation of the condensed consolidated interim financial report in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial report based on our review.

Scope of review
We conducted our review in accordance with Dutch law including Standard 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 6 August 2013

Ernst & Young Accountants LLP

Signed by M. Koning

4. Disclaimer

Certain statements in this interim financial report 2013 that are not historical information are ‘forward-looking statements’. These forward-looking statements are based on management’s understanding and assumptions and on information currently available to them. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Delta Lloyd Group’s control and all of which are based on management’s current understanding and expectations about future events.

Forward-looking statements involve inherent risks and uncertainties and apply only on the date they were made. Delta Lloyd Group does not undertake to update any of the forward-looking statements in light of new information or future events, except to the extent required by law. A number of significant factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Delta Lloyd Group. Such risks, uncertainties and other significant factors include: (i) changes in the financial markets and general economic conditions, (ii) changes in competition from local, national and international companies, new entrants in the market and self-insurance and changes to the competitive landscape in which Delta Lloyd Group operates, (iii) the adoption of new, or changes to, existing laws and regulations such as Solvency II, (iv) catastrophes and terrorist-related events, (v) default by third parties owing money, securities or other assets on their financial obligations, (vi) equity market losses, (vii) long and/or short-term interest rate volatility, (viii) illiquidity of certain investment assets, (ix) flaws in underwriting assumptions, pricing and/or claims reserves, (x) the termination of or changes to relationships with principal intermediaries or partnerships, (xi) the unavailability and unaffordability of reinsurance, (xii) flaws in Delta Lloyd Group’s underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd Group’s credit ratings and (xiv) the outcome of pending, threatened or future litigation or investigations. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd Group’s actual financial condition or results of operations could differ materially from those described herein as ‘anticipated’, ‘believed’, ‘estimated’ or ‘expected’.

Please refer to the 2012 Annual Report for a description of factors, risks and uncertainties that could affect the business of Delta Lloyd Group.

The figures and tables in this interim financial report 2013 are unaudited but have been reviewed by the auditor.