delta lloyd

Press release Amsterdam, 7 August 2014

Delta Lloyd: Solid development of new business, solvency and IFRS result

Solid commercial performance, continued increase in profitable new life annual premiums

- NAPI[1] up 20% to € 229 million (half-year 2013: € 191 million)
    - New business in annual life premiums up 46% to € 183 million (half-year 2013: € 126 million), new business margin: 2.3% (half-year 2013: 1.5%)
    - Gross written premiums (GWP): -8% to € 2.2 billion; Life GWP -9% to € 1,432 million; General insurance GWP -6% to € 764 million, mainly due to gradual exit WGA ER market and strict underwriting
- New mortgages up 53% to € 564 million (half-year 2013: 370 million), with Dutch volume nearly doubling
- Retail funds and institutional mandates at Asset Management: net outflow of € 350 million

Operational results declined, due to lower interest rates

- Operational result -7% to € 191 million (half-year 2013: € 206 million[2])
- Operational expenses declined 3% to € 369 million (half-year 2013: € 379 million[2])
- Combined ratio (COR) 1.1pp higher at 97.2% (half-year 2013: 96.1%)

Regulatory (IGD) solvency insurance entities up 27pp to 240% (year-end 2013: 213%)

- IGD group solvency up 23pp to 207% (year-end 2013: 184%), well above ambition of 200%, mainly due to perpetual subordinated note transaction

Shareholders' funds up 8% to € 2.8 billion (year-end 2013: € 2.6 billion)

- IFRS result after tax and non controlling interests € 280 million (half-year 2013: € -92 million[2])
- Group EEV up 2% to € 4.6 billion (year-end 2013: € 4.4 billion) at € 23.38 per share

Interim dividend unchanged at € 0.42 per ordinary share

Niek Hoek, Chairman of the Executive Board: "Delta Lloyd showed leadership in profitable new business, particularly in our group life insurance segment, which is performing strongly, enjoying good margins and a substantial increase in new life annual premiums. Our general insurance business is also performing well, given the market circumstances, and we have secured an excellent inflow of new mortgages. We continued our operational enhancement, increasing cost efficiency, while achieving higher customer satisfaction and expanding our market share. Delta Lloyd's capital position is robust, our regulatory solvency rose, as well as our shareholders' funds."

Key figures

(in millions of euros, unless otherwise stated)	Half-year 2014	Half-year 2013	Change
Gross written premiums[3]	2,196	2,388	-8%
Operational expenses	369	379	-3%
Operational result after tax and non-controlling interests	191	206	-7%
Result (IFRS) after tax and non-controlling interests	280	-92	n.m.
COR[4]	97.2%	96.1%	1.1pp

 www.deltalloydgroep.com
mediarelations@deltalloyd.nl

Key figures

(in millions of euros, unless otherwise stated)	30 June 2014	Year-end 2013	Change
Internal rate of return of new life sales (compared to half-year)	10%	8%	2pp
Shareholders' funds after non-controlling interests	2,826	2,621	8%
Regulatory (IGD) solvency insurance entities	240%	213%	27pp
Regulatory (IGD) group solvency	207%	184%	23pp
Group European Embedded Value	4,555	4,447	2%
Life European Embedded Value	4,539	4,403	3%

Key figures per Delta Lloyd ordinary share[5]

(in euros)	Half-year 2014
Closing price on 30 June 2014	18.54
Shareholders' funds	14.51
Result (IFRS) after tax and non-controlling interests	1.44
Operational result after tax and non-controlling interests	0.98
Group European Embedded Value	23.38

Operational and financial objectives

	Half-year 2014	Objective 2014
Business performance		
Internal rate of return	10%	≥ 9%
Combined ratio across the cycle	97.2%	≤ 98%
Efficiency		
Operational expenses (in millions of euros)	369	<750
Profitability		
Operational return on equity	14.6%	8-12%
Annual growth of net operational result	-7%	≥ 3%
Capital		
Regulatory (IGD) group solvency	207%	>160-175%
Interim dividend per ordinary share	0.42	-

Key developments in the first half of 2014

Solid development of new business

In the first half of 2014, we maintained our strong position in group life insurance. New annualised premium income (NAPI) was € 229 million (half-year 2013: € 191 million), 20% higher than last year. Several new large group contracts resulted in substantially higher annual premiums: up 46% to € 183 million (half-year 2013: € 126 million). Single premiums were 29% lower, due to lower annuities and our focus on improved margins. At General insurance, GWP was 6% lower than last year, due to our gradual exit from the WGA ER market and strict underwriting, with a focus on margins rather than volume. Total GWP was consequently 8% lower at € 2.2 billion (half-year 2013 € 2.4 billion).

In the Netherlands, mortgage production nearly doubled compared to the first half of 2013. In Belgium new mortgages were 6% lower than last year due to strong competition. In Asset management, there was an outflow in retail funds and institutional mandates, due to the termination of a large institutional mandate and a growing demand for equity funds rather than our fixed income funds, where we have traditionally been stronger. Overall, in the first half of 2014 we delivered a solid commercial performance, with a focus on sustainably profitable new business.

Operational result declined, affected by lower interest rates

The operational result after tax and non-controlling interests was € 191 million (half-year 2013: € 206 million), with positive underlying technical results and lower operational expenses. The long term investment return (LTIR) had a negative impact on the operational result. LTIR was down € 15 million before tax, due to the sharp decline (-79 bps) in the Collateralised AAA curve in the first six months of 2014. The running yield decreased to 3.14%, due to a decrease in interest rates, but is still comfortably above the yield curve (1.65%) used to calculate the liabilities.

Successful cost saving programme ahead of target

Total operational expenses in the first six months of 2014 amounted to € 369 million, € 10 million lower than a year ago (half-year 2013: € 379 million). The 2014 figures also include the expenses of the recently acquired ZA Verzekeringen (€ 20 million annually). We continued our operational enhancement. Since 2008, costs have decreased by more than 30%. Much of these savings are due to our successful cost-cutting programme, increased digitalisation and focus on simplifying our organisation and our processes. For example, the number of transactions using straight through processing is expected to increase rapidly due to our focus on digitalisation and online services. For 2014, we set a target for operational expenses at € 750 million and € 720 million for 2015, both including the ZA acquisition.

Disciplined risk management

Delta Lloyd uses the Collateralised AAA curve with an ultimate forward rate (UFR) to measure the value of the majority of our insurance liabilities under IFRS. The 10-year point of the Collateralised AAA curve at 30 June 2014 was 1.65%, a sharp decline of 79 basis points compared to year-end 2013, mainly due to a general decrease in interest rates. All yield curves decreased significantly during the first half of this year. The ECB AAA curve showed the largest decrease: 82 basis points at the 10-year point (at 1.45%).

Interest rate risk is managed by matching the duration and cash flows of assets and liabilities. Changes in the spread between the curve used to value the insurance liabilities and the curve underlying the value of the assets can impact the balance sheet and are therefore monitored closely.

On 30 June 2014, Delta Lloyd's equity portfolio which is held at own risk was € 3.4 billion (year-end 2013: € 3.3 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio is € 2.2 billion (year-end 2013: € 2.3 billion). A considerable part of the equity portfolio is invested in mid-sized Dutch companies. Delta Lloyd sold € 0.3 billion of equity securities.

Equity and solvency

- Shareholders' funds up 8% to € 2.8 billion (year-end 2013: € 2.6 billion)
- Regulatory (IGD) solvency insurance entities: up 27 pp to 240% (year-end 2013: 213%)
- IGD group solvency up 23pp to 207% (year-end 2013: 184%)

Equity and solvency

(in millions of euros, unless otherwise stated)	Half-year 2014	Year-end 2013	Change
Equity			
Shareholders' funds after non-controlling interests	2,826	2,621	8%
- of which 'hard' capital (tangible assets)	2,484	2,276	9%
Solvency			
Regulatory (IGD) group solvency	207%	184%	23pp
Regulatory (IGD) solvency insurance activities	240%	213%	27pp
Total Capital Ratio Bank Netherlands	20.6%	19.6%	1.0pp
Total Capital Ratio Bank Belgium	13.0%	13.7%	-0.7pp

In the first half-year of 2014, the regulatory solvency of our insurance activities increased to 240%, compared to 213% at year-end 2013. IGD group solvency increased to 207% (year-end 2013: 184%), mainly due to the placement of a € 750 million perpetual subordinated note with a coupon of 4.375% in June. The notes, issued under the existing EMTN programme, had a positive impact of 19 percentage points on IGD group solvency. The increase of the IGD group solvency was also supported by the performance of assets versus liabilities. The positive effects are partly offset by the final cash dividend (-2 percentage points) and the increased required capital, as a result of the decrease in the interest rates which led to higher insurance liabilities.

In the first six months, we strengthened the provisions for our policyholders (insurance liabilities and investment contracts) with € 2.7 billion. Despite this, shareholders' funds on a marked-to-market basis were up 8% to € 2.8 billion (year-end 2013: € 2.6 billion), due to the positive net IFRS result of € 280 million, the positive revaluation of the fixed income and equity portfolio, offset by actuarial losses on own pension fund and final cash dividend over 2013 (€ 41 million).

The Total Capital Ratio of Bank Netherlands is 20.6% and the Common Equity Tier 1 ratio is 17.9%. For Bank Belgium the Total Capital Ratio is 13.0% and the Common Equity Tier 1 ratio is 10.8%. The ratios are based on Basel III phase-in including half-year results.

IGD sensitivities

Sensitivities for IGD Group available capital						
	Half-year 2014			Year-end 2013		
ECB AAA interest rate (10-year point)		1.45%			2.27%	
(in millions of euros, unless otherwise stated)	Available capital effect	Required capital effect	IGD ratio effect	Available capital effect	Required capital effect	IGD ratio effect
Interest rate risk						
+ 25 bps	-20	-22	1%	-28	-19	0%
- 25 bps	25	24	-1%	35	20	0%
Credit risk						
+ 50 bps	-269		-13%	-201		-10%
- 50 bps	286		14%	212		11%
Equity risk						
+ 10%	124		6%	131		7%
- 10%	-118		-6%	-118		-6%
Property risk						
+ 10%	140		7%	133		7%
- 10%	-140		-7%	-133		-7%
Funding risk (mortgages)*						
+ 50bps	-56		-3%	-55		-3%
- 50bps	60		3%	58		3%

*Funding spread risk sensitivities at year-end 2013 are restated. Mortgages with National Mortgage Guarantee (NHG) are no longer taken into account.

IGD sensitivities at half-year 2014 compared to year-end 2013 did not change materially. The impact of credit spread sensitivities increased, due to the increase in credit risk exposure in the bond portfolio.

Ratings

S&P ratings: stable outlook	
Group company	Rating
Delta Lloyd Levensverzekering NV	A
Delta Lloyd Schadeverzekering NV	A
Delta Lloyd NV	BBB+
Delta Lloyd Treasury BV	A-

On 21 May 2014, Standard & Poor's affirmed all existing ratings of Delta Lloyd, with stable outlook.

Strategic developments

Delta Lloyd initiated a sale process for our Belgium-based banking business, as part of our aim to focus on life insurance and pensions in Belgium. Discussions with various potential buyers commenced in the first half of 2014 and we have now granted exclusivity to one party. A sale will only be concluded on acceptable terms.

On 24 March 2014, Delta Lloyd NV shares were included in the AEX Index of NYSE Euronext, made up of the 25 largest companies listed on NYSE Euronext Amsterdam. Inclusion in the AEX Index supports Delta Lloyd's strategy, strengthening its brand recognition and investment profile.

On 30 June 2014, Delta Lloyd closed the transaction with Catalina under which the portfolio of International Marine Business liabilities that are in run-off will be fully reinsured by Glacier Reinsurance AG as from 1 January 2014.

On 18 July 2014, Delta Lloyd Levensverzekering acquired all BeFrank shares (50%) held by BinckBank, thereby raising our interest to 100%. BeFrank will continue to use BinckBank's platform for its services. The acquisition will enhance Delta Lloyd's recognition in the market for group defined-contribution pension schemes. In 2011, BeFrank became the first premium pension institution (PPI) in the Netherlands to obtain authorisation from the Dutch central bank (DNB). Thanks to innovative defined-contribution pension products, BeFrank is market leader in the fast growing PPI market.

Staff

Number of employees		
(in FTEs)	**Half-year 2014**	**Year-end 2013**
Permanent	5,086	5,182
Temporary	523	606
Total number of employees	**5,609**	**5,788**

Delta Lloyd employs 5,609 staff (FTEs), down from 5,788 at year-end 2013. This includes 523 temporary employees to help absorb peak workload. Of the total permanent staff (5,086 FTEs), 3,801 are employed in the Netherlands, 1,098 in Belgium and 187 in Germany.

Delta Lloyd is currently negotiating a new central labour agreement (CAO) for all Dutch staff, with the aim to focus on sustainable employability and bringing remuneration in line with the general market.

Delta Lloyd's employee pension fund has been named the best defined benefit plan by pensions trade magazine *IPN* and *Het Financieele Dagblad* in its annual awards, based on its excellence and thought leadership. In addition, with its coverage ratio of 130%, the pension fund is one of the top five performers in the Netherlands, according to a 2013 survey by daily newspaper *Volkskrant*.

Supervisory Board

On 22 May 2014 at the Annual General Meeting, André Bergen and Rob Ruijter have been appointed as new members of the Supervisory Board for a four-year term. Fieke van der Lecq, Eric Fischer and Jan Haars were reappointed as members of the Supervisory Board, also for a four-year term. There is still one vacancy on the Supervisory Board, as Pat Regan did not seek reappointment. Mr. Regan has accepted a position as CFO at QBE in Sydney, Australia.

Executive Board

With effect from 22 May 2014, Ingrid de Graaf was appointed to the Executive Board and Emiel Roozen was reappointed as CFO and member of the Executive Board, both for a four-year term. In April, Chairman of the Executive Board Niek Hoek announced his early retirement with effect from May 2015 at the latest. The process of nominating a new Executive Board Chairman is progressing well.

Customer centric
Our number one priority is to put our customers first. Delta Lloyd´s Customer Centric programme helps us build lasting relationships with our customers by embedding customer centric values in our processes, products and corporate culture. We strive to be transparent, accessible and to communicate clearly. We also prioritise listening to customers and making continuous improvements using insights from surveys and complaints.

Our Product Approval and Review Process helps us systematically ensure that all Delta Lloyd products are cost-efficient, safe, understandable and meet our customers' needs. By the end of 2014, this process will also be established for our investment products.

In the first half of 2014, Delta Lloyd received a high rating in the Customer Centric Dashboard for 2013, awarded by the Dutch Financial Markets Authority (AFM). The Dashboard ranks the 10 leading banks and insurers in the Netherlands, assessing their client centricity on a scale of 1-5.

Since the Dashboard's launch in 2010, Delta Lloyd has continuously improved its annual ranking and has outperformed the benchmark since 2011. Our latest 2013 ranking (3.6) once again surpasses our 2012 score (3.4), with Delta Lloyd excelling in a number of fields such as 'Customer contact' and 'Complaints management', but lagged slightly behind the market in the new 'Pensions' category. We received a maximum score in the 'Integral change' category, which shows our willingness to make organisational improvements in the pursuit of client centricity.

We retained the KKV (Keurmerk Klantgericht Verzekeren - Quality Hallmark for Customer-Focused Insurance) hallmark, issued by Stichting Toetsing Verzekeraars, for all of our Dutch labels – Delta Lloyd, OHRA, ABN AMRO Verzekeringen and Erasmus Leven.

Progress on Sustainability
Delta Lloyd started a group-wide Sustainable Impact programme in 2014, with the objective to engage all businesses in helping us become a fully sustainable insurer. The programme will result in a more coherent and structural approach to sustainability, covering our investment policy, products, services, social responsibility and branding. The programme's first goal is to define relevant themes and set an agenda. This agenda will be presented at the end of 2014.

The way Delta Lloyd Group reports on sustainability was endorsed by the Global Reporting Initiative, which gave our 2013 Annual Report, published on 3 April 2014, its highest A+ rating. Delta Lloyd Life also published a sustainability report in conformity with GRI standards. In its position of pension expert, Delta Lloyd Life is actively involved in developing solutions for the sharp rise in the ageing population, in the Social Innovation programme of the Belgian government.

In the Netherlands, 524 Delta Lloyd employees volunteered for Delta Lloyd Foundation in the first half of 2014, which is already more than the total volunteers in 2013 (463).

Outlook
For full-year 2014, we expect operational technical results to be in line with 2013, while the Long Term Investment Result (LTIR) will depend on where the Collateralised AAA 10-year-point ends the year. Delta Lloyd remains committed to a stable dividend.

Performance of our segments

Life insurance

- NAPI up 20% to € 229 million
- Increase of 46% in annual premiums due to several new large contracts
- Profitability improved: new business margin 2.3%, IRR 10%

Life insurance			
(in millions of euros)	**Half-year 2014**	**Half-year 2013**	**Change**
Gross written premiums (excluding Germany)			
- Netherlands	1,034	1,162	-11%
- Belgium	398	414	-4%
Gross written premiums (excluding Germany)	**1,432**	**1,576**	**-9%**
NAPI	229	191	20%
Operational result after tax and non-controlling interests[2]	137	153	-11%
IFRS result after tax and non-controlling interests	246	-100	n.m.

Our position in group life and pension business remained strong. New annualised premium income (NAPI) was € 229 million (half-year 2013: € 191 million), 20% higher than last year. Several new group contracts resulted in substantially higher annual premiums: up 46% to € 183 million (half-year 2013: € 126 million). Single premiums were 29% lower, due to lower annuities and our focus on improved margins. Delta Lloyd again extended our market leadership in group Life new business in the Netherlands.

In the first six months of 2014, Life gross written premiums (GWP) decreased by 9% to € 1,432 million (half-year 2013: € 1,576 million), due to the prolonged market pressure in individual life products. The operational result after tax and non-controlling interests in the Life segment remained strong, decreasing slightly to € 137 million (half-year 2013: € 153 million). The operational result for Life was affected by a lower LTIR due to decrease in interest rates and the half-year 2013 result had higher technical profit sharing results.

In the Netherlands, we introduced a hybrid pension product (a combination of a defined benefit and a defined contribution scheme) in June, which has already attracted several large annual premium contracts. Plans are underway to develop several additional new pension products. The roll out of the pension services online portal started, and access will be expanded to all the employees in our defined benefit pension schemes this year. Delta Lloyd's staff responded quickly in the first half of 2014 to these pension market developments, which proved a challenging task operationally.

GWP in Belgium decreased to € 398 million compared to € 414 million at half-year 2013, due to fewer single premium group pension contracts. The Crelan distribution agreement in Belgium contributed significantly to the volume in annual premium income. The integration of the recently acquired ZA Verzekeringen is progressing. The legal entities Delta Lloyd Life and ZA merged and we reached an agreement with the unions on the transition of ZA employees from Antwerp to Brussels.

Delta Lloyd now fully owns BeFrank, our PPI (premium pension institution), which continued to grow in the developing market for defined contribution products.

Value of new business			
(in millions of euros, unless otherwise stated)	**Half-year 2014**	**Half-year 2013**	**Change**
New business value	37	27	37%
Internal rate of return	10%	8%	2pp
New business margin	2.3%	1.5%	0.8pp
Single premiums			
- Life insurance and savings	73	54	36%
- Pensions and annuities	391	598	-35%
Total Single premiums	**464**	**652**	**-29%**
Regular premiums			
- Life insurance and savings	14	11	28%
- Pensions and annuities	169	114	49%
Total regular premiums	**183**	**126**	**46%**

New business value and internal rate of return (IRR) increased compared to last year. New business was profitable, with margins comfortably above target. The new business margin improved to 2.3% (half-year 2013: 1.5%), the internal rate of return amounted to 10% over the first six months (half-year 2013: 8%). The effects of active pricing policy became visible, especially for group life business. In Belgium, we achieved good results in group life business, but need further improvement in individual life business.

Life embedded value

Development of embedded value		
(in millions of euros)	**Half-year 2014**	**Year-end 2013**
Life EEV at beginning of period	**4,403**	**4,210**
Operating earnings (LEOR)		
New business value	37	77
In-force business	102	203
Total operating earnings (LEOR)	**139**	**280**
Economic variance	19	70
Capital (re)allocation	-21	-158
Life EEV at end of period	**4,539**	**4,403**

Life European embedded value increased to € 4.5 billion (year-end 2013: € 4.4 billion). Positive operating earnings and economic variance were partly offset by capital reallocation from the Life segment to other segments.

General insurance

- GWP decreased 6% to € 764 million, due to gradual exit WGA ER market and strict underwriting
- COR up 1.1 pp to 97.2% compared to half-year 2013 in line with market developments

General insurance			
(in millions of euros)	**Half-year 2014**	**Half-year 2013**	**Change**
Total gross written premiums	764	812	-6%
Operational result after tax and non-controlling interests	34	41	-16%
IFRS result after tax and non-controlling interests	-4	34	n.m.

The combined ratio (COR) was better than target at 97.2% and developed satisfactory in the first half of 2014, despite the difficult market situation. However, it was higher than at half-year 2013 (96.1%), due to higher claims. GWP decreased 6% to € 764 million, mainly due to our gradual exit from the WGA ER market and strict underwriting. New business improved to € 93 million versus € 85 million in the first half of 2013. The IFRS result after tax and non-controlling interests was negatively impacted by € 32 million penalty interest for early redemption of a € 100 million subordinated loan and curve effect (€ 30 million). The operational result after tax and non-controlling interests decreased to € 34 million (half-year 2013: € 41 million), due to difficult market circumstances, and strict underwriting. We continued our programme to improve long-term profitability by intensifying claims management, strict underwriting and pricing and cost savings.

We were successful in the SME segment and through our focus on commercial clients. Delta Lloyd Schade developed the Elektragarant, an electrical safety certification. This inspection method helps prevent risk of fire in electrical installations and thus reduces claims. In the second half of 2014, we will introduce a new WIA (disability) proposition in the Dutch market. In May, OHRA introduced the first of a new range of online products (car insurance), the first product with a digital policy only. Delta Lloyd is one of the insurers for the Dutch Gemini wind farm project. Once completed, Gemini will be one of the largest wind farms in the world in terms of size and production. We now insure 26 off shore wind projects in total, which makes us a top 3 insurer in European off shore wind projects.

Bank

- Operational result up 30% to € 12 million, strong increase in IFRS result
- New mortgages up 53% to € 564 million
- *Banksparen* balances stabilising, up 2% to € 2 billion

Bank half-year 2014 compared to year-end 2013			
(in millions of euros)	**Half-year 2014**	**Year-end 2013**	**Change**
Savings (excluding banksparen)			
- Netherlands	1,325	1,317	1%
- Belgium	4,031	3,840	5%
Total savings (excluding *banksparen*)	**5,357**	**5,157**	**4%**
Banksparen balances	**2,017**	**1,978**	**2%**
Mortgage portfolio			
- Netherlands	13,201	13,008	1%
- Belgium	3,410	3,415	-
Total mortgage portfolio	**16,611**	**16,423**	**1%**

Bank half-year 2014 compared to half-year 2013			
(in millions of euros)	**Half-year 2014**	**Half-year 2013**	**Change**
Mortgage origination			
- Netherlands	426	222	92%
- Belgium	139	147	-6%
Total mortgage origination	**564**	**370**	**53%**
Operational result after tax and non-controlling interests	12	10	30%
IFRS result after tax and non-controlling interests	42	-21	n.m.

Savings balances (excluding banksparen) on 30 June 2014 were € 5,357 million, 4% higher than at year end 2013 (€ 5,157 million). In Belgium, savings balances increased 5% to € 4,031 million as a result of a successful marketing campaign. *Banksparen* balances increased 2%, stabilising after a long period of double digit growth.

There are signs that the Dutch residential mortgage market is recovering. Residential house prices are stabilising or even slightly increasing, supported by declining mortgage lending rates. This recovery had a positive impact on our mortgage business in the Netherlands, where new mortgages nearly doubled in the first half of 2014, and our market share continued to increase. In Belgium, the mortgage market is more competitive, making it harder to attract new customers.

Bank Belgium introduced a mobile app for its banking services and a tool supporting personal financial planning. Client satisfaction at the bank and its branches improved, although customers suggested some improvements in the product range.

Asset management

- Several funds received high Morningstar ratings
- Operational result declined, mainly due to lower treasury result
- Net outflow in funds and institutional mandates due to switch to equity products

Asset management			
(in millions of euros)	**Half-year 2014**	**Half-year 2013**	**Change**
Operational result after tax and non-controlling interests	18	21	-14%
IFRS Result after tax and non-controlling interests	17	19	-13%

Total asset under management			
(in millions of euros)	**Half-year 2014**	**Year-end 2013**	**Change**
Total assets under management[2]	80,164	77,727	3%

The yield on our own-risk asset portfolio was 8.4% and outperformed the benchmark by 3pp. Net outflow in funds and institutional mandates was € 350 million, due to the loss of a large mandate and two retail banks who advised their clients to switch from our fixed income fund to equity products. Delta Lloyd won a € 75 million mandate of a large insurer in Germany.

The new *Asia Participation Fund* received its first Morningstar rating: the maximum of four stars for a new fund. The *Delta Lloyd Corporate Bond Fund* received 5 stars. In Belgium the *Piano, Moderato* and *Crescendo* funds obtained four stars each.

Demand for commercial property (mainly offices and shops) in the Netherlands has been under pressure for some time, due to the state of the Dutch economy. This has resulted in higher vacancy rates. This trend is reflected in Delta Lloyd's Dutch commercial property portfolio. Delta Lloyd's property portfolio for own risk was valued at € 2.3 billion at 30 June 2014 (year-end 2013: € 2.3 billion) after a downward revaluation of € 51 million in the first half of 2014 (half-year 2013: € 40 million). The German property market is in better shape than the Dutch market, as reflected in the low vacancy rates.

Other

Other			
(in millions of euros)	**Half-year 2014**	**Half-year 2013**	**Change**
Operational result after tax and non-controlling interests	-10	-19	n.m.
IFRS result after tax and non-controlling interests	-20	-23	n.m.

The ‘Other’ segment consists mainly of holding company overheads, interest expenses, the results of Amstelhuys and the commercial result of the healthcare label activities. The operational result of ‘Other’ improved, mainly due to lower operational expenses.

Dividend

Delta Lloyd is committed to our 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 prior year. 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 2014 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 2014, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 21 August 2014 to 27 August 2014. The dividend will become payable on 4 September 2014.

Financial calendar	
Date	
11 August 2014	Ex dividend interim dividend
6 November 2014	Third quarter 2014 interim management statement
21 November 2014	Investor Day
24 February 2015	Preliminary results 2014
23 March 2015	Annual report 2014
19 May 2015	First quarter 2015 interim management statement
21 May 2015	Annual General Meeting
25 May 2015	Ex dividend final dividend 2014

Presentation of the half-year 2014 results on 7 August 2014

On Thursday 7 August 2014, Niek Hoek (Executive Board Chairman) and Emiel Roozen (CFO) will give a presentation for analysts; the presentation can also be viewed via webcast on our site.

Analyst presentation:	7 August 2014, 11.30 am (CET)
	Conference call: +31 20 – 531 58 71 (English language)
Location:	Delta Lloyd, Amstelplein 6, 1096 BC Amsterdam

This press release (in a Dutch translation) and the analyst presentation are also available at www.deltalloydgroep.com and on our iPad app for Investors and Media.

More information about this press release:

Media Relations **+31 (0)20 594 44 88**
Martijn Donders, Anneloes Geldermans
mediarelations@deltalloyd.nl

Investor Relations **+31 (0)20 594 96 93**
Roeland Haanen, Hans Duine, Marscha Corzilius
ir@deltalloyd.nl

About Delta Lloyd NV
Delta Lloyd has been a trusted partner for insurance, pensions, investing and banking since 1807. It is our goal to offer financial security, now and in the future. We deliver clear, reliable and contemporary products and services that meet our customers' needs and creates value for them, our shareholders and our employees. Our primary markets are the Netherlands and Belgium. In the Netherlands, we operate under the Delta Lloyd, OHRA and ABN AMRO Verzekeringen brands, while in Belgium we use the Delta Lloyd brand. We employ 5,086 permanent staff, of which 3,801 in the Netherlands, 1,098 in Belgium and 187 in Germany. In 2013, we achieved a premium income of € 4.7 billion and a net operational result of € 430 million. Our shareholders' funds amount to € 2.8 billion and we manage investments worth € 80 billion. Delta Lloyd is listed on Euronext Amsterdam and Brussels, and included in the AEX- and Bel-20 indices.

Important information

- This press release contains the figures of the first six months of 2014 for Delta Lloyd NV ('Delta Lloyd'), inclusive of Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering, ABN AMRO Verzekeringen, Delta Lloyd Life Belgium, Delta Lloyd Asset Management, Delta Lloyd Bank Netherlands, Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.
- As the German business is in run-off and no commercial activities are undertaken by the German business, Delta Lloyd Deutschland is excluded from the volume based KPI's (Gross Written Premiums and New Business) in this press release. In all other KPI's Delta Lloyd Deutschland is included, as the run-off results of the German operations will be recorded in the books of Delta Lloyd.
- The results and income of the ABN AMRO Verzekeringen joint venture are fully consolidated in the figures. Adjustment for the 49% interest of ABN AMRO Bank Netherlands is included in 'non-controlling interests' in the consolidated income statement.

- The figures in this press release have not been audited. They are partly based on the enclosed interim financial report 2014 and partly on internal management information reports.
- The application of the new IFRS10 standard affected the financial figures of Delta Lloyd (see section 2.6.2 of the interim financial report 2014). Several investment funds now have to be consolidated; this leads to a balance sheet extension for the third party interests amounting to € 3,790.0 million at year-end 2013.
- Certain statements contained in this press release that are not historical facts are "forward-looking statements". These forward-looking statements are based on management's beliefs and projections 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 beliefs and expectations about future events.
- Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Delta Lloyd Group undertakes no duty to and will not update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important 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 and its subsidiaries. Such risks, uncertainties and other important factors include, among others: (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's actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected.
- Please see the Annual Report for the year-ended 31 December 2013 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd's businesses.

---

[1] New annualised premium income, consisting of 100% of new annual premiums and 10% of new single premiums.

[2] Restated due to the application of the new IFRS10 standard (see section 2.6.2 of the interim financial report 2014).

[3] Excluding terminated and run-off activities.

[4] Excluding terminated and run-off activities and market interest movements.

[5] Based on 194,819,526 outstanding shares.