delta lloyd

Interim management statement
first nine months of 2012

Amsterdam, 8 November 2012

Resilient performance in challenging markets

Solid commercial results[1], in spite of weakening interest rates

- Total gross written premium year on year 11% lower at € 3.8 billion (Q3 2011: € 4.2 billion)
    - Life gross written premium 15% lower at € 2.6 billion (Q3 2011: 3.1 billion –which was a record year for Life), firm focus on margins resulting in NAPI[2] of € 314 million (Q3 2011: € 369 million); strong group pension pipeline remains in place
    - General Insurance gross written premium was stable at € 1.2 billion (Q3 2011: € 1.2 billion)
- New mortgages declined to € 572 million (Q3 2011: € 1.7 billion)
- 'Banksparen' balances continued to show strong growth to € 1.7 billion (Q3 2011: € 1 billion)

IGD Group Solvency at 181% compared to 174% at year-end 2011

- Estimated IGD Group Solvency as at end of October remains stable
- Regulatory Solvency insurance activities 219% (year-end 2011: 206%)

Shareholders' equity decreased to € 2.8 billion (€ 2.5 billion after non-controlling interests)

- Shareholders' funds after non-controlling interests on Delta Lloyd's marked-to-market balance sheet decrease to € 2.5 billion (year-end 2011: € 3.9 billion). The decrease was mainly attributable to the effect of the sharp decline of the Collateralised AAA curve on the marked-to-market value of the liabilities, which was only partly compensated by an increase in the value of assets
- Prudent marked-to-market approach leads to the addition of € 3.5 billion to life insurance provisions (since year-end 2011) due to the current interest rates
- Group European Embedded Value estimated at € 4.2 billion (year-end 2011: € 4.7 billion)

Operating expenses on target. Operational result under pressure due to LTIR

- Cost saving programme remains on track
- Technical results, especially in our life business, have improved
- As at end of Q3, both positive developments are offset by the decline in reference rate by 172 bps, leading to a substantially lower LTIR (minus € 84 million compared to same period last year)
- Barring unforeseen circumstances, we expect for full year 2012 that the operational result will be approximately 10% lower than reported last year. However, we expect to maintain the dividend at the 2011 level

Key performance indicators					
(in millions of euros, unless otherwise stated)	***Q3 2012***	***Q3 2011***	***Change***	***YE 2011***	***Change***
Gross written premium	3,776	4,237	-11%	5,426	n.a.
Total share capital and reserves	2,497	3,850	-35%	3,866	-35%
IGD Group Solvency	181%	163%	18pp	174%	7pp

[1] All figures excluding Germany and after termination of our international marine business
[2] New Annual Premium Income NAPI is equal to the received regular premiums plus 10% of the single premiums

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First nine months of 2012: Resilient performance in challenging markets

Delta Lloyd CEO **Niek Hoek**: "Market conditions have clearly been challenging to the industry as a whole, with interest rates declining 172 bps over the last nine months to 2.26%. This clearly has a significant effect on our business. Our management agenda has resulted in further improving our technical results, supported by our ongoing strict cost cutting programme, on track to meet target. Nevertheless, the low interest rate environment is impacting our potential to grow the operational result. Hence, if interest rates persist at this low level we expect a 10% decrease in operational result. However, while we cannot control interest rate movements, we can further focus on our operations and mitigate their effect on short-term performance and maintain, or even advance, our long term strategic position.

Illustrative for our prudent marked-to-market balance sheet approach is the addition of € 3.5 billion to our life provisions based on the current interest rates. On our own risk asset portfolio we have achieved an actual return of 8.6% and our solvency ratio remains robust at 181%.

During the period we have further strengthened our distribution power, with the transfer of intermediary activities for commercial SME insurance of ABN AMRO. We also entered into a major long-term distribution agreement with Deutsche Bank to capture pension business in the Netherlands."

Solid commercial performance

Gross written premium *(in millions of euros, first nine months)*	*Third quarter 2012*	*Third quarter 2011*	*Change*
Total	**3,776**	**4,237**	**-11%**
Life	2,618	3,087	-15%
General Insurance	1,158	1,150	1%

Up to the third quarter Delta Lloyd Group demonstrated greater resilience than the market average. We further managed a strong focus on margins and specific (more profitable) product market combinations. Gross written premium declined by 11%, and came to € 3,776 million (Q3 2011: € 4,237 million).

Life

Life gross written premium decreased by 15% to € 2,618 million compared to 2011, which was a record year (Q3 2011: € 3,087 million). As a consequence of the low interest rates, fewer large group contracts were signed in the first nine months of 2012 than a year earlier, which was strongly influenced by one large single premium pension contract (€ 541 million). Therefore NAPI (€ 314 million) is lower than in the same period of the previous year (€ 369 million). However, the pipeline for new group contracts remains strong, as is our market position. As soon as the interest rate picks up and coverage ratios of pension funds improve, new transfers of pension funds are expected. BeFrank's defined contribution portfolio continued to grow strongly in the first nine months of 2012. In Belgium, Delta Lloyd Life gross written premium increased by 15% to € 631 million (Q3 2011: 551 million). The Internal Rate of Return (IRR) in the first nine months was 9%.

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General Insurance

In the first nine months of 2012, General Insurance gross written premium was stable at € 1,158 million (Q3 2011: € 1,150 million). The Combined Ratio (COR) is expected to meet target by year-end. These figures are exclusive of the international marine business that was terminated earlier this year.

Banking

Bank			
(in millions of euros, first nine months)	*Third quarter 2012*	*Third quarter 2011*	*Change*
Total mortgage portfolio	**16,385**	**16,348**	**0%**
- Netherlands	12,693	12,413	2%
- Belgium	3,692	3,935	-6%
Mortgage origination	**572**	**1,695**	**-66%**
- Netherlands	453	1,352	-66%
- Belgium	119	343	-65%
Savings (excluding banksparen)	**5,863**	**5,732**	**2%**
Banksparen balances	**1,694**	**1,036**	**64%**

In mortgage origination, margins were good but the volume of new mortgages was significantly lower than in the third quarter of 2011, which was in line with market volumes in the Netherlands. The Delta Lloyd portfolio is of high quality, with minimal arrears. Maintaining this quality is a key focus in mortgage origination.

At 30 September 2012, the total amount of savings was € 5,863 million, 2% higher than a year earlier (€ 5,732 million) but lower than year-end 2011 (€ 6,374 million), as margin was preferred to volume when market interest rates fell. The demand for tax-efficient 'banksparen' products as an alternative to individual life products continued to grow. In the first nine months of 2012, the 'banksparen' balances expanded compared to year-end 2011 by € 467 million to a total of € 1,694 million. Compared to a year ago (€ 1,036 million), the increase was 64%.

Asset management

There was an outflow of new money at Asset Management of € -194 million (Q3 2011: € 813 million). As some of our institutional clients prefer more passive asset management under current market conditions, low margin institutional contracts were partly replaced by profitable retail funds

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Equity and solvency

Equity and solvency *(in millions of euros, unless otherwise stated)*	***Third quarter 2012***	***Half-year 2012***	***Change***	***Year-end 2011***	***Change***
Total share capital and reserves after non-controlling interests	2,497	2,860	-13%	3,866	-35%
- of which 'hard' capital (tangible assets)	2,069	2,433	-15%	3,433	-40%
IGD Group Solvency	181%	194%	-13pp	174%	7pp
Regulatory Solvency insurance activities	219%	234%	-15pp	206%	13pp
BIS ratio	14.2%	13.8%	0.4pp	12.1%	2.1pp
Core Tier 1 ratio	10.9%	10.6%	0.3pp	8.9%	2.0pp

Shareholders' funds on the largely marked-to-market balance sheet of Delta Lloyd decreased to € 2,497 million or € 14.25 per ordinary share as at 30 September 2012 (full-year 2011: € 3,866 million). The decrease is mainly attributable to the effect of the sharp decline of the Collateralised AAA curve on the value of the liabilities (€ 3.5 billion), which was only partly compensated by an increase in value of assets. Despite this decline, Delta Lloyd's capital position remains robust, with a high share of 'tangible' capital (shareholders' funds excluding, inter alia, *goodwill* and *acquired value of in-force*) of 83%.

Delta Lloyd's assets and liabilities are almost fully valued at marked-to-market IFRS accounting principles, in which life provisions are discounted at a market based yield (of 2.26% at the ten-year-point as of Q3 2012). General market practice is to use more traditional accounting methods mainly based on tariff rates for determining provisions (subject to an overall LAT-test). Also, contrary to Delta Lloyd's accounting method, in more traditional accounting methods improved longevity and actuarial losses on pension liabilities (IAS 19) are not fully recognised in the balance sheet. If shareholders' funds after non-controlling interests were to be calculated at a more traditional accounting method (in particular for the life technical provisions) the value would be approximately € 3.7 billion at Q3 2012 compared to the € 2.5 billion reported for the same period[3].

The robust capital position is reflected in IGD Group Solvency of 181% (half-year 2012: 194%). The estimated IGD Group Solvency as at end of October remains stable compared to end of September. Delta Lloyd Bank's BIS ratio increased to 14.2%, compared to 13.8% at half-year 2012, while the Core Tier 1 ratio of Delta Lloyd's banking operations increased to 10.9%.

[3] On Delta Lloyd's Investor Day due 23 November, more details will be given on the impact of fair value versus more traditional accounting

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IGD sensitivities as at 30 September 2012 compared to half-year 2012 are stated below.

Sensitivities for IGD Group available capital		
(in millions of euros, unless otherwise stated)	**Third quarter 2012**	**Half-year 2012**
ECB AAA interest rate (10-year point)	**1.96%**	**2.34%**
Interest rate risk[4]		
+ 100 bps	-170	-286
- 100 bps	631	490
Credit risk		
+ 50 bps	-175	-138
- 50 bps	184	145
Equity risk		
+ 10%	138	152
- 10%	-135	-136
Property risk		
+ 10%	147	151
- 10%	-147	-151

Placement of subordinated loan

In August 2012, Delta Lloyd Levensverzekering NV successfully placed a subordinated loan (with a *30 years non call 10* structure) of € 500 million at a coupon of 9% with a wide group of institutional investors. The notes replace a subordinated note issue of € 400 million that Delta Lloyd privately placed in 2009. The notes are compliant with the latest draft Solvency II requirements and qualify as Tier 2 capital for Delta Lloyd.

S&P Ratings: stable outlook retained

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

In the third quarter of 2012, all existing ratings for Delta Lloyd Group were reconfirmed, reflecting the strength of the business, its finances and its commercial activities, despite deteriorating financial and economic market conditions.

[4] The determination of the interest rate sensitivity is based on a theoretical parallel (identical) shift of the interest rate curve for liabilities as well as assets. In practice, though, the shift will not be parallel because [a] application of the UFR for the valuation of liabilities, [b] the shift of each point of the curve is dependent on the duration, which causes parts of the curve to become steeper or flatter, and [c] the change in the interest rate curve which is used to value liabilities differs from the change in the interest rate curve which is used to value assets.

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Exposure in southern Europe and Ireland
The exposure to sovereign and sub-sovereign bonds from Greece, Italy, Ireland, Portugal and Spain was stable (€ 73 million) as at 30 September compared to 30 June 2012 (€ 71 million).

Strategy update

Delta Lloyd has successfully integrated the intermediary activities for commercial SME insurance of ABN AMRO Bank as of 1 July 2012.

Distribution strength was enhanced in the third quarter as Delta Lloyd Group and Deutsche Bank entered into a 30-year agreement for the exclusive distribution of pension products to customers of Deutsche Bank through the Delta Lloyd Group labels.

- Commercial customers can buy pensions direct (via Deutsche Bank), while independent pension advice is provided by Deutsche Bank and Delta Lloyd in cooperation with pension advisers.
- BeFrank, the joint venture between BinckBank and Delta Lloyd, will become the exclusive partner of Deutsche Bank for commercial customers interested in taking out a group pension plan at a Premium Pension Institution (PPI). BeFrank and Deutsche Bank are developing a special pension product for its customers.
- OHRA offers a proposition for the individual life market, where customers can manage their product online.

The closing process for the proposed sale of Delta Lloyd Germany is still pending. In line with recent macro economic developments, in Delta Lloyd Group's opinion the proposed transfer of all assets and liabilities from Delta Lloyd Lebensversicherung and the sale of all shares in other German subsidiaries to Nomura remains possible. An update is expected before year-end 2012.

The joint venture between Delta Lloyd Group and Friesland Bank will be terminated in 2012, following the takeover of Friesland Bank by Rabobank Netherlands. The closing of the transaction is expected before the end of the year and will result in a small book gain.

Cost-saving programme on target
Delta Lloyd remains well on track to deliver on its operational cost target of € 820 million for 2012.

Key figures per Delta Lloyd ordinary share

(in euros)	**Third quarter 2012**
Closing price on 28 September 2012	11.87
Shareholders' funds	14.25

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Analyst call on the interim management statement for the first nine months of 2012

On Thursday 8 November 2012 at 11.00 am, Niek Hoek (CEO) and Emiel Roozen (CFO) will provide a brief commentary on this press release in a conference call (English) for analysts and investors. The number for this call is +31 (0) 10 294 42 15.

This press release is available in English and in a Dutch translation at www.deltalloydgroup.com.

Explanation on restated 2011 figures

Delta Lloyd adopted some calculation and presentation changes in segment reporting in 2012. In this section the relevant changes are summarised. All relevant 2011 figures in this press release have been restated accordingly.

- On 5 June, the European Union adopted the amendment to IAS 19 for the own employee pension fund. Delta Lloyd Group opted for the early adoption of this amendment from 1 January 2012. As a result the restated IFRS result before tax for year-end 2011 increased by € 173.4 million and the IFRS result after tax and non-controlling interests for year-end 2011 increased by € 130.2 million compared to the reported figures. Finally shareholders' funds full year 2011 (excluding non-controlling interests) are restated to € 3,866 million from € 3,860 million (€ 5 million higher than reported).
- *Gross written premium* in this press release is adjusted for terminated underwriting of international marine business and restated for Q3 2011 to € 4,237 million from € 4,304 million (€ 68 million lower than reported).

About Delta Lloyd Group

Delta Lloyd Group is a financial services provider offering life insurance, general insurance, asset management and banking products and services. Delta Lloyd Group's target markets are the Netherlands and Belgium. The Group operates primarily under the brand names of Delta Lloyd, OHRA and ABN AMRO Insurance in the Netherlands, and under the Delta Lloyd brand name in Belgium. Delta Lloyd Group employs 5,444 permanent staff (FTE) of which 4,095 in the Netherlands and 1,153 in Belgium and is listed on NYSE Euronext Amsterdam.

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Important information

- This press release has not been audited by the external auditor.
- 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 Group'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 2011 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd Group's businesses.

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