delta lloyd

Press release Amsterdam, 20 February 2014

Delta Lloyd in 2013: Strong commercial and operational performance delivering results

Strong commercial performance in life insurance, asset management and mortgages

- NAPI[1] of € 431 million (2012: € 401 million), Dutch market leader in life new business
  - Improved margins: internal rate of return 10%
  - New business in annual life premiums up 14%, with total life gross written premiums (GWP) up 2% to € 3.3 billion (2012: € 3.3 billion)
  - General insurance GWP stable at € 1.4 billion (2012: € 1.4 billion)
  - Total GWP 1% up to € 4.7 billion (2012: € 4.7 billion)
  - Market share up in life, general insurance and mortgages
- New mortgages almost doubled to € 1.3 billion (2012: € 0.7 billion)
- Inflow of retail funds and institutional mandates: € 757 million (2012: € 12 million)
- Ranked #2 out of 141 insurers worldwide in the 2013 Sustainalytics report on ESG[2]

Operational result up 6%, continued positive trend for all businesses

- Operational result increased 6% to € 430 million (2012: € 404 million), due to positive underlying technical result, and marginally lower long-term investment return (LTIR)

Proposed total dividend 2013 stable at € 1.03 per ordinary share

Operating expenses at € 772 million, beating € 790 million target

Regulatory (IGD) solvency insurance entities at 213%

- IGD group solvency up 7pp to 184% (2012: 177%)

Shareholders' funds up 14% to € 2.6 billion (2012: € 2.3 billion), mainly due to positive IFRS result

- IFRS result after tax and non-controlling interests € 168 million (2012: € -1,495 million)

Key figures

(in millions of euros, unless otherwise stated)	2013	2012	Change
Gross written premiums[3]	4,709	4,651	1%
Operating expenses	772	782	-1%
Operational result after tax and non-controlling interests	430	404	6%
Result (IFRS) after tax and non-controlling interests	168	-1,495	n.m.
COR[4]	97.7%	97.9%	-0.2pp
Internal rate of return of new life sales	10%	8%	2pp
Shareholders' funds after non-controlling interests	2,621	2,306	14%
Regulatory (IGD) solvency insurance entities	213%	212%	1pp
Regulatory (IGD) group solvency	184%	177%	7pp
Group European Embedded Value	4,447	4,004	11%
Life European Embedded Value	4,403	4,210	5%

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Niek Hoek, chairman of the Executive Board: "Delta Lloyd had a good year, with strong commercial and operational performance, despite a volatile market environment. We have delivered on all our objectives and made good strategic progress: We have strengthened our solid capital position, increased customer satisfaction, exceeded our ongoing strict cost cutting programme, while increasing our market share in life new business, commercial general insurance and mortgages.

We built a strong position in the pension market, extending our market leadership in life new business and securing several large new contracts. This was combined with strong growth in annual premiums and improved margins. We continue to have a healthy pipeline. Our commercial performance in asset management and banking has also developed positively.

People are at the heart of what we do. There is a strong connection between an engaged workforce and the performance we deliver. Our employees are the guardians of our brand, driving the customer experience. We have received recognition as an employer of choice and remain committed to employee engagement. This culture is evident in the positive feedback we get from our customers."

Key figures per Delta Lloyd ordinary share[5]	
(in euros)	**2013**
Closing price on 31 December 2013	18.04
Shareholders' funds	13.76
Result (IFRS) after tax and non-controlling interests	0.88
Operational result after tax and non-controlling interests	2.26
Group European embedded value	23.35
Proposed dividend	1.03

Operational and financial objectives		
(in millions of euros, unless otherwise stated)	**Result 2013**	**Objective 2013**
Business performance		
Internal rate of return	10%	≥ 9%
Combined ratio across the cycle	97.7%	≤ 98%
Efficiency		
Operating expenses (in millions of euros)	772	<790
Profitability		
Operational return on equity	18.6%	8-12%
Annual growth of net operational result	6%	≥ 3%
Capital		
Regulatory (IGD) group solvency	184%	>160-175%

Key developments in 2013

Commercial performance
We made good commercial progress in a challenging year. Market shares increased in life insurance, general insurance and mortgages, all at improved margins. We were successful, especially in group life, where our market share in new business annual life premiums more than doubled. This was supported by our continued number 1 ranking in the IG&H performance survey, new products and online services that we introduced. The mortgage market in the Netherlands is picking up, Delta Lloyd managed to gain market share, which rose to 3% (2012: 1%) even in a growing market.

In the Netherlands, Delta Lloyd introduced a new campaign concept 'Optimist', which will be used over the next four years. ABN AMRO Verzekeringen benefited from the ABN AMRO campaigns for travel and home insurance and for a package for the self-employed. OHRA had a strong health care campaign, with its proposition of an online insurer.

Operational result up 6%
The operational result after tax and non-controlling interests was € 430 million (2012: € 404 million), with positive underlying technical results for all our segments: Life, General Insurance, Bank and Asset Management, mainly due to lower operational expenses. The improved technical results were offset by a marginally lower long-term investment return (LTIR).

Cost savings
Delta Lloyd is committed to structurally reducing costs. Total operating expenses in 2013 amounted to € 772 million, well under the 2013 target of € 790 million. This 2013 target was exclusive of the costs of the acquired ZA Verzekeringen ('ZA') and the ABN AMRO Bank intermediary activities acquired in 2012. Nevertheless, both were fully absorbed in 2013. Delta Lloyd has realised a 31% cost reduction since 2008. For 2014, we set a new cost savings target at € 750 million and € 720 million for 2015 - both including the ZA acquisition (€ 20 million annual operational costs). Savings include measures to simplify our organisation and our processes, rationalise legacy systems and products and increased digitalisation.

Risk Management
Delta Lloyd uses the Collateralised AAA curve with an ultimate forward rate (UFR) to measure the value of the majority of its insurance provisions under IFRS. The 10-year point of the Collateralised AAA curve (with UFR) at year end 2013 is 2.44%, an increase of 45 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 higher interest rates in 2013.

On 31 December 2013, Delta Lloyd's own-risk equity portfolio was € 3.5 billion (2012: € 4.3 billion). Excluding private equity, preference shares and bond funds, and including equity derivatives, the equity portfolio was € 2.3 billion (2012: € 3.0 billion). Total return of the portfolio was below the benchmark; equity performance was impacted by the performance of individual shares such as Imtech, in which Delta Lloyd had a stake of more than 5%.

In 2013, Delta Lloyd decreased its equity allocation by € 0.8 billion, increased our mortgage position and broadened our geographical diversification of investments. In the Netherlands, a large part of the mortgage portfolio is government-guaranteed, which offers attractive returns at relatively low risk. Simultaneously, pending regulatory changes, and especially the introduction of Solvency II, restrict our investment choices. With margins already under pressure, the challenge is to optimise our return within these new rules. A positive development for us was the change in investor sentiment towards the euro zone. The developments in the German property market positively affected the performance of our real estate portfolio. Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland increased to € 503 million at 31 December 2013, compared with € 59 million at year end 2012, given the favourable risk-return trade off for Italy, Spain and Ireland.

Equity and solvency

- Shareholders' funds up 14% to € 2.6 billion (2012: € 2.3 billion)
- Regulatory (IGD) solvency insurance entities: 213% (2012: 212%)
- IGD group solvency up 7pp to 184% (2012: 177%)
- First priority: increase IGD group solvency to 200% by year end 2014

Capital			
(in millions of euros, unless otherwise stated)	**2013**	**2012**	**Change**
Equity			
Shareholders' funds after non-controlling interests	2,621	2,306	14%
- of which 'hard' capital (tangible assets)	2,276	1,930	18%
Solvency			
Regulatory (IGD) solvency insurance entities	213%	212%	1pp
Regulatory (IGD) group solvency	184%	177%	7pp
BIS ratio (Bank NL)	19.6%	12.3%	7.3pp
BIS ratio (Bank BE)	13.7%	12.0%	1.7pp

Shareholders' funds on a marked-to-market basis increased by 14% to € 2.6 billion (2012: € 2.3 billion). This was mainly due to a positive IFRS result, the conversion of three million preference A shares into ordinary shares (June 2013) and the equity issue of 4 million ordinary shares (September 2013) for the ZA acquisition. Dividend payments in cash totalled € 68 million in 2013.

The IFRS result after tax and non-controlling interests was € 168 million (2012: € -1,495 million), reflecting underlying capital generation through improved technical results, a stable running yield and the badwill impact (€ 42 million before tax) of the ZA acquisition. This was offset by a pension charge and market variances in our fixed income and equity portfolio. In 2013, market variances resulted in a decrease in the value of assets of € 1.8 billion. This was partly compensated by the decrease in the value of insurance liabilities and investment contracts (€ 1.2 billion), following the movements in the Collateralised AAA curve (up 45 basis points) and supported by the adoption of an ultimate forward rate.

The capital position of Delta Lloyd remains good quality with a high share of 'tangible' capital (shareholders' funds excluding, inter alia, goodwill and acquired value of in-force) of 87% (2012: 84%). The increase was due to goodwill impairments (Cyrte and the Nagelmackers label in Belgium). Based on more traditional accounting principles, as generally used in the insurance market, shareholders' funds would have been € 3.5 billion at 31 December 2013 (2012: € 3.3 billion).

Regulatory (IGD) solvency for the insurance activities was up 1pp to 213% (2012: 212%), the current value of the mortgage portfolio was negatively impacted due to the application of IFRS13. Regulatory (IGD) group solvency rose to 184% (2012: 177%) at year end. The increase of 7pp, reflecting positive underwriting and investment results and the share conversion, includes the effect (-19pp) of the French debt downgrade by Fitch from AAA to AA+ on 12 July 2013. As a result, the yield on the outstanding French government debt is no longer included in the ECB AAA curve, which impacted our IGD group solvency. Since then, operational capital generation and the spread development positively affected IGD group solvency and more than offset the impact of the downgrade. The final 2012 cash dividend and the 2013 interim cash dividend payout reduced IGD group solvency by approximately 3pp. Regulatory solvency of Delta Lloyd Levensverzekering was stable at 227% (2012: 227%).

In 2014, our first priority is to increase our IGD group solvency to 200% by the end of this year, through organic capital generation and possible disposal of non-core activities. The scrip dividend premium will be gradually reduced if IGD group solvency exceeds 200% for two consecutive quarters. To help achieve this, the dividend growth target of 3% per ordinary share is no longer strived for.

The BIS ratio of the banking activities in the Netherlands and Belgium improved to 19.6% (2012: 12.3%) and 13.7% (2012: 12.0%) respectively. The BIS ratio in the Netherlands increased mainly due to the decrease of high risk weighted assets.

IGD sensitivities as at year end 2013 compared to year end 2012 are stated below. We present the interest rate risk sensitivities on a 25 basis points movement, to better reflect the impact on the historically low interest rates. We added funding spread risk sensitivity, showing the impact of a change in mortgage funding spread (previously under credit risk). The effect on required capital and IGD ratio is included in the table, where only interest rate movements have material impact on required capital. In general, Delta Lloyd Group became less sensitive to market movements compared to year end 2012.

Sensitivities for IGD group solvency ratio

	2013			2012		
(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**
ECB AAA interest rate (10-year point)			2.27%			1.74%
Interest rate risk						
+ 25 bps	-28	-19	0%	-39	-20	0%
- 25 bps	35	20	0%	44	21	0%
Credit risk						
+ 50 bps	-201		-10%	-225		-12%
- 50 bps	212		11%	239		12%
Equity risk						
+ 10%	131		7%	155		8%
- 10%	-118		-6%	-131		-7%
Property risk						
+ 10%	133		7%	135		7%
- 10%	-133		-7%	-135		-7%
Funding spread risk						
+ 50bps	-112		-6%	-127		-7%
- 50bps	118		6%	130		7%

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 19 June 2013, Standard & Poor's reaffirmed all existing ratings with stable outlook of Delta Lloyd under its new criteria.

Strategic developments

- Ingrid de Graaf nominated for the Executive Board
- Free float Delta Lloyd shares now above 99%
- ZA acquisition in Belgium completed successfully
- Sales process of Delta Lloyd Bank in Belgium initiated

The Supervisory Board of Delta Lloyd nominates Ingrid de Graaf (1969) as a member of the Executive Board. She will succeed Paul Medendorp (1954), who is due to retire at the end of 2014 on reaching the retirement age for Executive Board members at Delta Lloyd. More information can be found in the separate press release that was issued today.

To act upon and mitigate the uncertainties in our business environment, Delta Lloyd uses scenario planning to guide our strategy. This allows us to look at the full implications of various future scenarios from various perspectives over a period of 15-20 years. It gives us greater understanding of the forces driving the dynamics of our future environment. We just finalised our work on the scenarios for 2035, which we will use to review our 'Future secured' strategy later this year.

In 2013, we consistently continued our efforts to strengthen our position in the Dutch and Belgian markets, and to improve our solid capital position even further, in a way that is beneficial to our customers, employees and shareholders. A number of capital market transactions, an acquisition and a decision to divest supported our strategic focus last year.

In January 2013, Aviva sold its remaining stake in Delta Lloyd through a successful and 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 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 into ordinary Delta Lloyd shares. Fonds NutsOhra's voting rights in Delta Lloyd have now declined to 5.0% from 6.74%. Shareholders' funds increased by € 41 million due to 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.

Delta Lloyd successfully completed the acquisition of ZA in Belgium. The acquisition of ZA is in line with our strategy to become a leading player in the Belgian life insurance and pensions market, offering a comprehensive range of products. ZA's product offering (term life insurance) ties in well with Delta Lloyd Life's strategic focus in Belgium on protection (death and disability benefits) and pensions (pension savings and investments). ZA's annual gross written premiums total around € 50 million. We used the net proceeds of the offering of four million ordinary Delta Lloyd shares on 25 September to finance the acquisition.

On 2 October 2013, Delta Lloyd initiated a sale process for our Belgium-based banking division. We are currently in discussions with interested parties. As a result, Bank Belgium is classified as 'held for sale', and we took an impairment of € 23 million. The proposed sale will strengthen our focus on insurance in Belgium and unlock capital for investment in strategic activities. The proceeds of the sale will contribute positively to our IGD group solvency.

Staff

Number of employees		
(in FTE, at year end)	**2013**	**2012**
Permanent	5,182	5,276
Temporary	606	508
Total number of employees	**5,788**	**5,784**

Delta Lloyd has a strong reputation as an employer, according to recent surveys. In 2013, we scored a first place within the benchmark of financial institutions (2012: 2nd), and 12th place overall (2012: 11) in the Dutch 'Incompany200 - Employee Satisfaction' survey. Delta Lloyd gained 9th place in the Dutch annual Best Employer Survey of NRC Next/SatisAction (2012: 4th). We improved our position in Employment Terms & Conditions to number 2 (2012: 3), but somewhat dropped in Employee satisfaction. In general, this shows that Delta Lloyd is an employer of choice, which is endorsed by recent internal surveys.

The total number of staff was stable compared to 2012, the 2013 number includes the employees of the recently acquired ZA in Belgium (64 FTE). Temporary staff increased, due to increased workload in our contact centre and several IT projects (digitalisation, SEPA and online services).

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

Customer centricity

Customer satisfaction scores improved for our Dutch labels: OHRA: 7.7 (2012: 7.6), Delta Lloyd: 7.6 (2012: 7.4), and ABN AMRO Verzekeringen: 7.7 (2012: 7.4). Delta Lloyd Life in Belgium improved to a B score from a C score (2012) in the yearly customer performance survey. This progress in customer centricity is due to the on-going operational excellence program "Going for Gold". Delta Lloyd Life's customer performance is at the same level of its main competitors, but still leaves room for improvement to the score of the market leader.

The annual IG&H review of the Dutch market among IFAs resulted in an extended number one position for Delta Lloyd in life and a number one position for commercial general insurance. New IT systems are a key driver behind improved service levels, together with strong account management.

ABN AMRO Verzekeringen and Erasmus maintained the Customer-Focused Insurance Quality Label. For Delta Lloyd and OHRA, a re-evaluation is in progress due to insufficient standard response times for email traffic. The results are expected in the second quarter of 2014.

Sustainability

Delta Lloyd expressed the ambition to be included in the Dow Jones Sustainability Index (DJSI). In 2013, Delta Lloyd retained a strong sustainability score in the 2013 DJSI assessment of 75 points (2012: 75 points). This is just above the threshold value of 74 for inclusion in the European and World Insurers sector. Again, the DJSI remained just out of reach this year as our newcomer status prevented inclusion in the DJSI. RobecoSAM did include Delta Lloyd in its 2013 Yearbook, which lists the world's most sustainable companies in each industry. To be included, companies need to be within the top 15% of their industry – they also have to achieve a score within 30% of the best-performing company in their industry.

Delta Lloyd ranked #2 out of 141 insurers worldwide in the 2013 Sustainalytics report on Environmental, Social, Governance (ESG) performance.

In 2013, 463 Delta Lloyd employees volunteered for the Delta Lloyd Foundation.

Segments

Life insurance

- New annual life premiums up 14%
- Seven large pension buyouts, totalling € 799 million
- NAPI up 8% to € 431 million (2012: € 401 million)
- Improved margins: IRR at 10%, new business margin 2.1%

Life insurance			
(in millions of euros)	**2013**	**2012**	**Change**
Gross written premiums (excluding Germany)			
- Netherlands	2,541	2,427	5%
- Belgium	789	839	-6%
Total gross written premiums (excluding Germany)	**3,330**	**3,266**	**2%**
NAPI	431	401	8%
Operational result after tax and non-controlling interests	322	319	1%
IFRS result after tax and non-controlling interests	144	-1,175	n.m.

Delta Lloyd confirmed its strong position in life and pension insurance. In 2013, we managed an increase in life GWP by 2% to € 3.3 billion (2012: € 3.3 billion). GWP in Belgium decreased 6% to € 789 million (2012: € 839 million), due to the low interest rate environment and the 2013 tax increase (to 2% from 1.1%) for individual life insurance premiums which impacted the market. Nevertheless, in the Dutch market, seven large pension buyouts -four of which in the last quarter- with a total of € 799 million in single premium, resulted in a total new single premium of € 1.7 billion (2012: € 1.8 billion). We realised a strong increase (up 14%) in new annual premiums to € 257 million (2012: € 225 million). New annualised premium income (NAPI) was € 431 million (2012: € 401 million), 8% higher than last year. Delta Lloyd extended market leadership in life new business in the Netherlands. The operational result after tax and non-controlling interests in the life segment increased 1% to € 322 million (2012: € 319 million), mainly due to improved technical results.

BeFrank[6], our PPI (premium pension institute) joint venture with BinckBank, did well commercially in 2013. Competition is fierce, there are now 9 PPIs active in the Dutch market. In 2013, BeFrank took over the portfolio of ‘De Goudse PPI’. More than 25,000 employees (from over 200 employers) now participate in a BeFrank pension scheme.

New business

Value of new business			
(in millions of euros, unless otherwise stated)	**2013**	**2012**	**Change**
New business value[7]	77	57	35%
Internal rate of return[7]	10%	8%	2pp
New business margin[8]	2.1%	0.7%	1.4pp
Single premiums			
- Life insurance and savings	105	84	25%
- Pensions and annuities	1,637	1,679	-3%
Total single premiums	**1,742**	**1,763**	**-1%**
Regular premiums			
- Life insurance and savings	23	28	-18%
- Pensions and annuities	234	197	19%
Total regular premiums	**257**	**225**	**14%**

New business value and internal rate of return (IRR) increased significantly compared to last year. New business margins improved to 2.1% (2012: 0.7%). In the Netherlands, both IRR and new business margin developed positively. The effects of active pricing policy became visible, especially for group life business. In Belgium, both IRR and new business margin improved, mainly due to lowered guarantee levels and a business mix shift to more profitable group business.

Life European embedded value (EEV)

Development of embedded value		
(in millions of euros)	**2013**	**2012**
Life EEV at 1 January	**4,210**	**4,890**
Operating earnings (LEOR)		
New business value	77	57
In-force business	203	285
Total operating earnings (LEOR)	**280**	**342**
Economic variance	70	-648
Capital (re)allocation	-158	-374
Life EEV at 31 December	**4,403**	**4,210**

Life embedded value increased in 2013, despite lower operational earnings of € 280 million (2012: € 342 million), mainly due to a lower opening EEV and the effect from an updated profit-sharing methodology in Belgium. There was a substantial increase in new business value to € 77 million (2012: € 57 million) and a positive effect from the enhanced economic variance (improved investment yield environment during 2013). This increase was partially offset by the upstream of dividend and the acquisition of ZA in Belgium.

General insurance

- GWP stable at € 1.4 billion, gaining market share
- COR on target at 97.7% (2012: 97.9%)
- WGA ER affected underlying technical results

General insurance			
(in millions of euros)	**2013**	**2012**	**Change**
Total gross written premiums[3]	1,380	1,385	0%
Operational result after tax and non-controlling interests	67	54	24%
IFRS result after tax and non-controlling interests	46	-122	n.m.

The difficult economic situation continued to have an effect on our general insurance business, both in the commercial and private markets, particularly in residential, car and transport insurance. Still, gross written premiums remained stable at € 1.4 billion (2012: 1.4 billion).

The COR[4] (combined ratio) was on target at 97.7% (2012: 97.9%). We continued the programme to structurally improve long-term profitability by intensifying claims management and through tariff adjustments and cost savings. The operational result after tax and non-controlling interests improved by 24% to € 67 million, due to an additional release in unearned premium reserves, but the underlying technical results were affected by WGA ER (increase in liabilities and expenses due to adverse market circumstances and the lost court case) and € 18 million of claims after a large storm in October 2013.

As part of our decision to gradually withdraw from the WGA ER (partial disability) market, Delta Lloyd increased existing tariffs as from 1 January 2014. Four clients started summary proceedings against the increase. On 30 October 2013, the judge in these summary proceedings ruled against Delta Lloyd. Delta Lloyd decided not to appeal, as our clients are entitled to clarity on their premiums for 2014 and a further delay was not in their interest. We reversed the price increase for these four clients and all other clients in this situation. We will however continue to withdraw from this market, as there is no long-term profitability perspective.

In 2014, we will introduce a new range of disability products based on the new *work and income act* (WIA – *Wet werk en inkomen naar arbeidsvermogen*), and introduce improved online services for IFAs and small and medium sized enterprises.

In April, we finalised the sale to Fidea of our non-core Belgian general insurance activities under the Zelia brand. The losses in our international marine business run-off portfolio are in line with our best estimate planning and rapidly declining.

Bank

- New mortgages almost doubled to € 1.3 billion (2012: € 0.7 billion)
- Banksparen balances up 11% to € 2.0 billion (2012: € 1.8 billion)

Bank			
(in millions of euros)	**2013**	**2012**	**Change**
Savings (excluding banksparen)			
- Netherlands	1,317	1,557	-15%
- Belgium	3,840	4,020	-4%
Total savings (excluding banksparen)	**5,157**	**5,577**	**-8%**
Banksparen balances	**1,978**	**1,789**	**11%**
Mortgage portfolio			
- Netherlands	13,008	12,582	3%
- Belgium	3,415	3,610	-5%
Total mortgage portfolio	**16,423**	**16,192**	**1%**
Mortgage origination			
- Netherlands	952	514	85%
- Belgium	343	169	103%
Total mortgage origination	**1,295**	**683**	**90%**
Operational result after tax and non-controlling interests	24	-11	n.m.
IFRS result after tax and non-controlling interests	-14	-61	n.m.

The Dutch mortgage market picked up in the last months of 2013, and - strengthened by a competitive offering - new mortgages grew by 85% to € 952 million (2012: € 514 million). We increased our market share, due to the attractive new tariff system that we introduced in the Netherlands. 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. In 2013, nearly 50% of the mortgages in our Dutch portfolio had an NHG state guarantee. In Belgium, mortgage origination doubled to € 343 million (2012: 169 million). However, in Belgium margins were under pressure due to fierce competition and tendency in the market to opt for early redemption of loans.

Savings balances on 31 December 2013 were € 5.2 billion, 8% lower than at year end 2012, as a result of Delta Lloyd Bank's decision to improve margins by lowering interest rate tariffs rather than pursuing volume. The demand for *banksparen* products continued to grow - although growth stagnated in the last six months - and these (*banksparen)* savings increased to € 2.0 billion (2012: € 1.8 billion) at improved margins. Operational results in the bank segment strongly improved, mainly due to improved net interest income in the Netherlands and lower operational expenses in the Netherlands and Belgium.

Asset management

- Inflow of retail funds and institutional mandates increased to € 757 million (2012: € 12 million[9])
- Assets under management fell 2% to € 78 billion (2012: € 79 billion)

Asset management			
(in millions of euros)	**2013**	**2012**	**Change**
Operational result after tax and non-controlling interests	45	48	-6%
IFRS result after tax and non-controlling interests	40	44	-9%

Total assets under management as at 31 December			
(in millions of euros)	**2013**	**2012**	**Change**
Total assets under management	77,817	79,113	-2%

Our asset management business made good progress in what can be considered a challenging year, marked by low interest rates and ongoing uncertainty in the euro zone. We see the change in sentiment towards the euro as a positive development. The improving market sentiment led to strong appetite for our retail funds and institutional mandates increased, resulting in a positive inflow of € 757 million (2012: € 12 million). However, assets under management decreased to € 78 billion (2012: € 79 billion), due to the negative market value movements in fixed income and the disposal of a part of Cyrte. Operational result fell 6% to € 45 million (2012: € 48 million), due to lower fee income. Both the own risk equity performance and the fixed income performance were below the benchmark, due to the performance of individual shares such as Imtech and less exposure to southern European sovereign debt in comparison with the benchmark.

In March, we acquired the mezzanine fund Oyens & Van Eeghen, which provides subordinated loans (€ 5-15 million) to medium sized enterprises. Helping to finance Dutch entrepreneurs fits our strategy to be a socially responsible investor and offers good investment opportunities.

In 2013, we completed the split of Cyrte Investments 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 Cyrte Africa Fund, Cyrte Global Fund and Cyrte Latam Fund. Delta Lloyd and Dasym will continue to cooperate on a case-by-case investment basis. In April, Delta Lloyd was named Best Fund House Specialist Fixed Income by investment research firm Morningstar. It was the third time in five years. In Belgium, we also won two Morningstar awards, as did two Triodos funds that we manage.

In December, Asset Management rationalised its product range, for example by merging several funds, resulting in a 25% decrease in the number of products offered. This emphasises Delta Lloyd's investment style, with its strong track record in investing in undervalued companies and fixed income and complies with new regulations on distribution fees.

Other

Other			
(in millions of euros)	**2013**	**2012**	**Change**
Operational result after tax and non-controlling interests	-27	-6	n.m.
IFRS result after tax and non-controlling interests	-47	-182	n.m.

The Other segment consists mainly of holding company overheads, interest expenses and the result of Amstelhuys, the run-off healthcare business and the commercial result of the healthcare label activities. The IFRS result strongly improved, mainly due to a positive result for Amstelhuys. In 2013, operational result was lower: € -27 million (2012: € -6 million), as it was impacted by a higher pension charge and pension expenses. In 2012, there was a one-off (€ 13 million) due to a release of a provision for the run-off healthcare business. The health label activities contributed positively (€ 28 million, 2012: € 16 million), due to a successful campaign and good margins.

Dividend

- Proposed final dividend 2013 € 0.61 per ordinary share
- Premium of 4% on stock

Based on our operational result after tax and non-controlling interests, Delta Lloyd Group proposes to declare a dividend of € 1.03 per ordinary share for 2013, unchanged from 2012. The total interim dividend paid for 2013 was € 0.42 per ordinary share. This means the final dividend for 2013 is € 0.61 per ordinary share.

Shareholders can choose to receive the dividend payment entirely in cash or entirely in shares. The value of the stock dividend has a premium of approximately 4% above the value of the cash dividend and will be paid out of the share premium reserve. The final dividend for 2013 on ordinary shares will be paid after the approval of the annual general meeting on 22 May 2014.

To calculate the value of the dividend, we use a share fraction based on the weighted average share price over a period of five trading days (to take the prevalent market price into account), prior to the definitive determination. Shareholders have until 11 June 2014 to choose whether they want to receive the dividend in cash or in ordinary shares. If no preference is made clear, the dividend will be paid in ordinary shares.

The number of dividend coupons entitling the holder to one new ordinary share (with a nominal value of € 0.20) will be determined on 11 June 2014 after 5.30 p.m. These will be based on the weighted average closing price on NYSE Euronext Amsterdam for the five consecutive trading days from 5 to 11 June 2014.

Dates for dividend

Date	
26 May 2014	Ex dividend
28 May 2014	Record date
29 May 2014	Start of election period
11 June 2014	End of election period
19 June 2014	Payment date
11 August 2014	Ex interim dividend
13 August 2014	Record date interim dividend
14 August 2014	Start of election period interim dividend
27 August 2014	End of election period interim dividend
04 September 2014	Payment date interim dividend

Financial calendar 2014

Date	
03 April 2014	Publication of online financial and sustainability annual report 2013, publication Embedded value report 2013
08 May 2014	First quarter 2014 interim management statement
22 May 2014	Annual general meeting
07 August 2014	Publication results first six months of 2014
06 November 2014	Third quarter 2014 interim management statement
21 November 2014	Investor day

Presentation of the preliminary full year results 2013 on 20 February 2014

On Thursday 20 February 2014 at 11.30 am (CET), Niek Hoek (Executive Board Chairman) and Emiel Roozen (CFRO) will give a presentation for analysts; the presentation can also be viewed via webcast on our site.

Analyst presentation:	20 February 2014, 11.30 am (CET)
	Conference call: +31 20 – 531 58 49 (English language)
Location:	Delta Lloyd Auditorium, Spaklerweg 4, 1096 BA Amsterdam

This press release (in English and in a Dutch translation) and the financial supplement 2013 (in English) are available at www.deltalloydgroep.com and on our Investors' and Media iPad app. The analyst presentation is also available at www.deltalloydgroep.com.

More information about this press release:

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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 5,182 permanent staff, of which 3,875 in the Netherlands, 1,118 in Belgium and 191 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 € 2.6 billion and we manage investments worth € 78 billion. Delta Lloyd is listed in Amsterdam and Brussels.

Important information

- This press release contains the preliminary 2013 annual figures 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 Germany 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 Germany 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 financial supplement 2013 and partly on internal management information reports.
- The financial supplement 2013 in the appendix contains the most important financial data from the preliminary consolidated financial statements for 2013. This financial supplement was approved by the Supervisory Board on 19 February 2014. These figures have not been audited nor reviewed by an external auditor. The 2013 financial statements will be adopted at the General Meeting of Shareholders on 22 May 2014.
- The 2013 annual report of Delta Lloyd Group – including the consolidated financial statements – is exclusively available online from 3 April 2014 via www.deltalloydgroep.com and on our Investors and Media iPad app. This is an integrated report, comprising both the financial and sustainability report and published in English. A Dutch summary will be available on our website in PDF.
- The 2013 Embedded Value report of Delta Lloyd Group will be available on our website in PDF from 3 April 2014.
- 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 2012 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd Group’s businesses.

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[1] NAPI: new annualised premium income, consisting of 100% of new regular premiums and 10% of new single premiums

[2] Environment, Social, Governance

[3] Excluding terminated and run-off activities

[4] Combined ratio (COR) is excluding terminated and run-off activities and market interest movement

[5] Based on 190,421,962 outstanding shares

[6] BeFrank sales are not included in GWP and NAPI

[7] EEV based

[8] New business margin determined on market consistent basis, expressing NBM as a percentage of the present value of new business premiums

[9] Excluding Group companies