

Delta Lloyd strengthens position of Dutch and Belgian life insurance businesses

Delta Lloyd plans to simplify the corporate structure of its Belgian activities, after having performed a strategic review of these activities. As a result of this legal simplification, Delta Lloyd Life NV in Belgium will merge with Delta Lloyd Levensverzekering NV in the Netherlands. This will raise the group's Solvency II Standard Formula ratio (SF ratio) by around 5 percentage points. We will retain our commercial operations in Belgium, dedicated to this important market.

Leon van Riet, member of the Executive Board: "This simplification is aligned with the priorities capital, customer and performance that we have set for the medium term. It has a substantial capital benefit and it will contribute to further improving our returns. As our second home market, Belgium is important to us and we have the ambition to strengthen our competitive position in our core markets."

In Belgium, Delta Lloyd Life is a medium-sized insurance company; it focuses on attractive segments in the life insurance market and on income protection solutions for self-employed persons, SMEs and retail customers in particular. In order to further strengthen the competitive edge it has gained over the past few years, Delta Lloyd Life will have to improve its operational performance and its returns. To achieve this, focus is being placed on offering more capital-light solutions. Until now, Delta Lloyd Life has been a separate company falling under the supervision of the National Bank of Belgium (NBB).

A single legal entity and risk bearer

Subject to the consent of the regulators, the Delta Lloyd life insurance entities in the Netherlands and Belgium will be merged into a single legal entity and risk bearer at 1 January 2017. This entity will have its registered office in the Netherlands and be subject to the supervision of the Dutch Central Bank (DNB). The management team will be made up of a combination of the current Dutch and Belgian executives. The simplification will raise the Solvency II SF ratio of Delta Lloyd Levensverzekering by around 10 percentage points, thanks to portfolio diversification among other things. The group's Solvency II SF ratio will increase by around 5 percentage points as a result. These capital benefits will be realised after completion in 2017. The simplification will also lead to harmonisation of the capital policy and streamlining of the procedures for reporting and accountability to regulators.

Commercial and operational independence

The simplification will not affect our services to the approximately 630,000 Delta Lloyd customers in Belgium. Delta Lloyd will continue its commercial and operational activities in Belgium as a branch office under local management, headed up by Delta Lloyd Life's current CEO, Filip Depaz. Our direct presence in Belgium is the best way to strengthen our competitive position in this core market.

Improving operational performance

The simplification will help to improve the operational performance going forward. Cost savings can be achieved by creating efficiencies of scale, in the areas of IT and innovation, and in partnerships with suppliers. What is more, our customers in Belgium and the Netherlands will be able to benefit from greater efficiency, a higher level of market expertise in the organisation, better teamwork and exchange of knowledge and experience. The simplification will not affect our Belgian employees; they will transition to Delta Lloyd Levensverzekering in the Netherlands receiving the same pay-and-benefits package.

Follow-up steps

Delta Lloyd has submitted the application for the merger of the Dutch and Belgian life insurance entities to NBB and DNB. The Belgian Works Council has been informed of the planned merger and will be consulted on it; the Dutch Works Council will be asked to issue a formal opinion on the planned merger.

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About Delta Lloyd NV

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