

## SUMMARY DOCUMENT

### Delta Lloyd N.V.

(a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands registered in the Commercial Register of the Chamber of Commerce for Amsterdam, under number 33121461)

#### *Introduction to trading on NYSE Euronext Brussels*

This document comprises a summary document (**Summary Document**) relating to Delta Lloyd N.V. (the **Company** or **Delta Lloyd**). It has been prepared by the Company pursuant an exemption from the obligation to publish a prospectus under the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (as amended from time to time) (*Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*, the **Belgian Public Offer Law**) in connection with the application for the listing and admission to trading of the issued and outstanding ordinary shares of €0.20 each in the Company (the **Shares**) on NYSE Euronext Brussels (**NYSE Euronext Brussels**), the regulated market operated by Euronext Brussels S.A./N.V. (the **Listing**). The Company is not offering any new shares nor any other securities in connection with the Listing. This Summary Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, any Shares nor any other securities of the Company in any jurisdiction. The Shares will not be generally made available or marketed to the public in the Belgium or in any other jurisdiction in connection with the Listing.

The Company has been listed on NYSE Euronext Amsterdam (**NYSE Euronext Amsterdam**), the regulated market operated by Euronext Amsterdam N.V. since 3 November 2009 pursuant to a prospectus dated 19 October 2009 issued by the Company for the purposes of Article 3 of the Directive 2003/71/EC in connection with the admission of the Shares to trading on NYSE Euronext Amsterdam (the **Prospectus**). The Company will remain listed on NYSE Euronext Amsterdam following the Listing and the continuing obligations set out in the Financial Supervision Act (*Wet op het financieel toezicht*, the **Wft**) and NYSE Euronext's Rule Book I and NYSE Euronext Amsterdam's Rule Book II will continue to apply to the Company.

Further information on the Company and its subsidiaries (the **Group**) may be found on the Group's website [www.deltalloydgroep.com](http://www.deltalloydgroep.com).

This Summary Document does not constitute a prospectus for the purposes of Article 3 of the Directive 2003/71/EC, the Wft or the Belgian Public Offer Law nor a comprehensive update of information relating to the Group, and neither the Company nor any of its directors and executive officers makes any representation or warranty, express or implied, as to the continued accuracy of information relating to the Group. No civil liability is to attach to the Company on the basis of this Summary Document unless it is misleading, inaccurate or inconsistent. If a claim relating to the information contained in this Summary Document is brought before a court of a Member State of the European Economic Area, the plaintiff investor may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Summary Document before legal proceedings are initiated. Particular attention is drawn to the risk factors set out in section 5 of this Summary Document.

Application is to be made for the Shares to be admitted to trading on NYSE Euronext Brussels under the symbol "DL". It is expected that the Shares will be admitted to trading on NYSE Euronext Brussels on or about 23 January 2013.

15 January 2013

The Shares are currently admitted to listing on NYSE Euronext Amsterdam. The Shares are admitted to trading under ISIN NL0009294552 on NYSE Euronext Amsterdam under the symbol "DL". Following the Listing, the Shares will remain admitted to listing on NYSE Euronext Amsterdam and will be traded on both NYSE Euronext Brussels and NYSE Euronext Amsterdam.

The distribution of this Summary Document may be restricted by law. No action has been or will be taken by the Company to permit the possession or distribution of this Summary Document in any jurisdiction where action for that purpose may be required. Accordingly, neither this Summary Document nor any advertisement or any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Summary Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. No person has been authorised to give any information or make any representations other than those contained in this Summary Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Any delivery of this Summary Document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since, or that the information contained herein is correct at any time subsequent to, the date of this Summary Document.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction in the United States nor is such registration contemplated. The Shares may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Summary Document. Any representation to the contrary is a criminal offence in the United States. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. All of the directors and executive officers of the Company and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts.

The contents of this Summary Document are not to be construed as legal, financial, business or tax advice. Each investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

This Summary Document and other documents or information referred to herein, may contain certain forward-looking statements based on beliefs, assumptions, targets and expectations of future performance, taking into account all information available to the Company at the time they were made. These beliefs, assumptions, targets and expectations can change as a result of many possible events or factors, in which case the Company's investment objective, business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Save as required by the Wft and the rules and regulations of NYSE Euronext Amsterdam, or any other applicable law or regulation, the Company is under no obligation publicly to release the results of any revisions to any such forward-looking statements that may occur or have occurred due to any change in its expectations or to reflect events or circumstances after the date on which such statement was made.

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## 1. LISTING

### The Listing

The Company intends to list the Shares on NYSE Euronext Brussels. The Company is not offering any new shares nor any other securities in connection with the Listing. The Company has been listed on NYSE Euronext Amsterdam since 3 November 2009 and will remain listed on NYSE Euronext Amsterdam following the Listing and the continuing obligations set out in the Wft and NYSE Euronext's Rule Book I and NYSE Euronext Amsterdam's Rule Book II will continue to apply to the Company.

Subject to completion of the application to NYSE Euronext Brussels, it is expected that the Shares will be admitted to trading on NYSE Euronext Brussels on or about 23 January 2013.

### Reasons for Listing

The Company believes that the admission to trading of the Shares on NYSE Euronext Brussels, resulting in a dual-admission to trading on NYSE Euronext Amsterdam and NYSE Euronext Brussels, will be beneficial to the Company and its Shareholders for, among others, the following reasons:

- Delta Lloyd sees Belgium as its second core market. Listing on NYSE Euronext Brussels underlines the Groups intention to strengthen its position in the Belgian market and the strategic value for Belgium to the Group. Delta Lloyd considers listing in Brussels as a clear signal towards its Belgian stakeholders of its ambition as a sustainable party in the top of the Belgian financial market.
- Increased visibility and profile by increased press coverage and analyst coverage in the Belgian market enhancing Delta Lloyd's local ambitions leading to increased brand awareness in the Belgian market.

### Costs of Listing

The costs and expenses of the Listing are payable by the Company.

## 2. THE COMPANY

### General

Delta Lloyd has the legal form of a public limited liability company (*naamloze vennootschap*). The Group provides life and pension insurance, long-term savings products, banking, asset management, and in the Netherlands most classes of general insurance. The activities are carried out through subsidiaries, associates and branches in the Netherlands and Belgium mainly. Delta Lloyd was incorporated under the laws of the Netherlands on 30 January 1968. The corporate seat of Delta Lloyd is in Amsterdam, the Netherlands and its registered office is at Amstelplein 6, 1096 BC Amsterdam, the Netherlands with the following telephone number: +31 (0)20 594 96 93. Delta Lloyd is registered in the Commercial Register of the Chamber of Commerce for Amsterdam (*Handelsregister van de Kamer van Koophandel en Fabrieken voor Amsterdam*) under number 33121461.

Pursuant to Article 3 of the articles of association, Delta Lloyd's objects and purposes are to participate or to acquire interests in any other way in enterprises, to manage or exercise supervision of enterprises and to provide services to enterprises, with special reference to enterprises engaged in the insurance business or rendering other financial services and to perform all acts which directly or indirectly may be conducive to such objects.

### History

The Group's history dates back to 1807. In that year, the *Hollandsche Societeit van Levensverzekeringen N.V.* was established, making the Group the oldest existing life insurer in continental Europe. *Hollandsche*

Societeit van Levensverzekeringen N.V. strengthened its position in the insurance and investment market by merging in 1967 with Amsterdamse Maatschappij van Levensverzekering N.V. The resulting entity, Delta, then merged with the general insurance company Nedlloyd to create Delta Lloyd in 1969.

Commercial Union, a UK-based insurer with an extensive international network, became Delta Lloyd's only shareholder in 1973, while Delta Lloyd retained operational independence and continued to operate under its own brand name in the Dutch market. Commercial Union merged with General Accident in 1998 to form CGU plc, which then merged with Norwich Union plc in 2000 to create CGNU plc, which was renamed Aviva plc (**Aviva**) in 2002.

Through various acquisitions and mergers in the Netherlands, Germany and Belgium and its joint venture with ABN AMRO Bank, the Group obtained its current form; being a financial services provider offering life insurance, general insurance, asset management and banking products and services. One of the most important mergers in this regard was the merger with Nuts OHRA Beheer B.V., a Netherlands-based direct insurance writer. Nuts OHRA Beheer B.V.'s shareholder, Vereniging NutsOhra (now called Stichting Fonds NutsOhra (**Fonds NutsOhra**)) became a shareholder at the time of the merger. Following the merger, Delta Lloyd had two shareholders, Aviva held 92% of the voting rights and Fonds NutsOhra held 8% of the voting rights. The merger allowed the combined company to begin to pursue its multi-brand, multi-channel distribution strategy in the Netherlands, as distribution expanded from Intermediaries (Delta Lloyd) to include also direct sales (OHRA).

In Belgium, the Group formed Delta Lloyd Belgium in 2001 out of the Belgian life insurance activities of OHRA (which OHRA commenced in 1983) and the life insurance operations of CGU plc (which were taken over from Aviva in 2001). The Bankunie and the Bank van Limburg, which were part of OHRA, merged in 2001 and continued operation under the name Delta Lloyd Bank. In addition, in the same year Delta Lloyd Bank expanded through the acquisition of Smeets Securities. In October 2001, the Group acquired Bank Nagelmackers, the oldest bank in Belgium, which provided access to a branch network and a tied agent network, thereby expanding distribution channels for life insurance operations. As part of its growth strategy in Belgium, Delta Lloyd Belgium acquired Swiss Life Belgium in July 2008, doubling the size of its life insurance business in terms of assets.

As a consequence of Aviva's strategic decision regarding Delta Lloyd as part of Aviva's group holdings, Delta Lloyd became listed on NYSE Euronext Amsterdam as of 3 November 2009. Aviva sold through various accelerated bookbuildings its remaining stake in Delta Lloyd, the last of which was initiated early January 2013.

As of 2 March 2010, Delta Lloyd is included in the Amsterdam Midkap Index (**AMX index**). The AMX index is a capitalization weighted index composed of the 25 funds that rank 26-50 in terms of regulated turnover on NYSE Euronext Amsterdam.

## ***Business***

### *Overview*

The Group is a financial services provider offering life insurance, general insurance, asset management and banking products and services with its targeted markets being the Netherlands and Belgium.

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products.

Through the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through independent intermediaries, which include independent financial advisers, underwriting agents (*volmacht*, with respect to general

insurance), actuarial consulting firms (with respect to group life insurance) and brokers (together, **Intermediaries**). Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank, which includes bank branches, call centres, financial centres and bank internet platforms (together, **Bancassurance**). Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium, the Group distributes its insurance products through Intermediaries, tied agents (agents which sell only products of the Group) and through its own network of bank branches. On 10 December 2012, the Group announced that it has agreed to take over Fidea's exclusive distribution of life insurance agreement with Landbouwkrediet/Centea. This transaction will considerably strengthen the Group's commercial presence in Belgium. Furthermore, on 4 January 2013, the Group sold its Belgian portfolio of general insurance to Fidea. This transaction is currently being reviewed by the Belgian regulator and is expected to be finalised later this year. On 4 January 2013, the Group also entered into a distribution agreement with Fidea, whereby Delta Lloyd Bank Belgium agrees to distribute general insurance for Fidea.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

The Group also has operations in Germany, however on 30 September 2011, Delta Lloyd announced the sale of its German business to Nomura Holdings, Inc. This was in line with Delta Lloyd's stated strategy to focus on its core markets, the Netherlands and Belgium. However, on 23 November 2012, Delta Lloyd announced that it has withdrawn from discussions with Nomura and cancelled the sale of its German activities to Nomura. Delta Lloyd intends to continue to run its German operations as a "run-off" business, continuing to explore strategic options in Germany.

### *Segments*

The Group's core business lines are the following:

*Life Insurance:* The Group offers, through its multiple brands, a range of products from commodity insurance products to tailor-made and often sophisticated insurance products, as well as commodity savings and financial planning services. Its core life insurance products include pension (in particular group pension) products and administration services for group customers and traditional and unit-linked life insurance and savings products for individual customers. The Group offers individual and group life insurance in the Netherlands principally under the Delta Lloyd, ABN AMRO Insurance and OHRA brands, utilising different customer and pricing strategies through Intermediaries (Delta Lloyd), Bancassurance (ABN AMRO Insurance and Deutsche Bank) and direct (OHRA) distribution channels. Through BeFrank, Delta Lloyd's joint venture with Binck Bank, it offers group defined contribution pension schemes (second pillar) since 2011. BeFrank is a premium pension institution (*PremiePensioen Instelling/PPI*), a new type of pension administrator that has entered the Dutch market, alongside insurers and pension funds, and offers innovative pension products at a very low cost. In September 2012, the Group has entered into a 30 year agreement with Deutsche Bank, granting Delta Lloyd the exclusive distribution of pension products to Deutsche Bank clients. In Belgium, the Group sells individual and group life insurance primarily under the Delta Lloyd Belgium brand, distributed through the Group's own network of bank branches and tied agents, as well as through Intermediaries. On 10 December 2012, the Group announced that it has agreed to take over Fidea's exclusive distribution of life insurances agreement with Landbouwkrediet/Centea. This transaction will considerably strengthen the Group's commercial presence in Belgium

*General Insurance:* The Group offers a broad range of general insurance products, principally in the Netherlands, including products such as motor, fire, liability, income and absenteeism and marine/pleasure craft insurance policies. The Group's general insurance products are distributed to both private and commercial customers in the Netherlands under the Group's three principal brands using distribution

channels similar to those used for its life insurance operations. Following the sale of the Group's Dutch health insurance business to CZ (with effect from 1 January 2009), the Group acts as a distributor of certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions. The joint venture between Delta Lloyd Group and Friesland Bank that was established at the end of 2011 was terminated in 2012 as a result of the takeover of Friesland Bank by Rabobank Nederland. Delta Lloyd Group and Rabobank Nederland have reached an agreement in principle that Friesland Bank will buy back Delta Lloyd's interest (51%) in the joint venture. Delta Lloyd Group retains its preferred supplier status for insurance at Rabobank. In Belgium certain general insurance products (motor, liability and fire) were offered through the Zelia brand. On 4 January 2013, the Group sold its Belgian portfolio of general insurance to Fidea. This transaction is currently being reviewed by the Belgian regulator and is expected to be finalised later this year. On 4 January 2013, the Group also entered into a distribution agreement with Fidea, whereby Delta Lloyd Bank Belgium agrees to distribute general insurance for Fidea.

*Asset Management:* The Asset Management segment comprises the activities of Delta Lloyd Asset Management N.V. (**Delta Lloyd Asset Management**) and the asset management activities of various lines of business. Delta Lloyd Asset Management's product offering includes a range of third-party investor funds for institutional and retail customers and discretionary mandates for institutional customers. In addition, it manages real estate funds available to the Group and third-party investors, as well as a boutique fund company, Cyrte, aimed at institutions and family offices. Certain other segments of the Group also manage assets. Delta Lloyd Asset Management has in that regard an advisory role. Institutional fund sales take place primarily through the segment's dedicated sales force. For sales to retail investors, Delta Lloyd Asset Management generally relies on third-party banks in the Netherlands, Belgium and Germany, though a small portion of retail fund sales (unit-linked insurance) are distributed through the Group's own distribution channels. In the Netherlands, funds are distributed largely by Dutch retail banks, including ABN AMRO Bank, Rabobank and ING.

*Banking:* The Group's banking business line offers a range of banking products and services in the Netherlands and Belgium. Its banking products and services in the Netherlands primarily include mortgage loans, as well as savings and *banksparen* distributed through Intermediaries and direct channels. Customers are increasingly taking up *banksparen* as an alternative to individual life products. In the Netherlands, the Group uses Amstelhuys N.V. (**Amstelhuys**) (a wholly-owned subsidiary of Delta Lloyd which is not included in the banking segment) as originator of most of its residential mortgage loans and as a funding vehicle.

In Belgium, the Group offers its services through its own network of branches, as well as through tied agents and direct channels. In 2010, Delta Lloyd Bank Belgium has announced a change in its commercial focus in Belgium. The emphasis will be shifted from the volume strategy to the target group of customers who expect extra services and appreciate a personal relationship and individual asset management advice. In pursuing this new focus, Delta Lloyd Bank Belgium has adjusted its product portfolio, its branch network and its co-operation with independent intermediaries, while keeping an eye on the interests of its existing customer base.

### ***Organisational structure***

The Group provides banking and insurance services and operates under different brand names. The banking and insurance activities are undertaken through separate companies. A clear separation has been made in the Netherlands between the commercial activities (brand, marketing and sales) and the product development, administration and processing activities.

The operational Dutch insurance activities (product development, administration and processing) are placed in a Life Insurance Division and a General Insurance Division.

All commercial, marketing and sales activities in the Netherlands, and responsibility for the different brands such as Delta Lloyd and OHRA, are placed in Delta Lloyd Group's Commercial Division, which is not a

legal entity but an operational division. The different brands have their own management and features but, for example, synergy is created from sharing know-how and facilities and targeted investment in the expansion of this channel.

The ABN AMRO insurance joint venture is a separate legal entity because of its nature, but continues to work closely with the Group's other Dutch insurance businesses. The banking activities are with Delta Lloyd Bank and Delta Lloyd Asset Management is the Group's autonomous asset manager.

The subsidiaries controlled by Delta Lloyd are consolidated in the financial statements of Delta Lloyd.

Delta Lloyd and its Dutch-based subsidiaries are under the supervision of various regulatory authorities including the Dutch Central Bank, *De Nederlandsche Bank (DNB)*, the Netherlands Authority for the Financial Markets, *Autoriteit Financiële Markten (AFM)*, the Netherlands Competition Authority, *Nederlandse Mededingingsautoriteit (NMa)* and the Dutch Data Protection Authority, *College Bescherming Persoonsgegevens (CBP)*. Delta Lloyd Life Belgium and Delta Lloyd Bank Belgium are under the supervision of the National Bank of Belgium (*Nationale Bank van België/NBB*), whilst the *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)* is the primary regulator for Delta Lloyd Germany.

### **Management**

At the date of this Summary Document, the executive board (*raad van bestuur*, the **Executive Board**) is composed of the following persons:

|                               |   |
|-------------------------------|---|
| <b>N.W. (Niek) Hoek</b>       | Mr. Hoek has Dutch nationality. He was first appointed to the Executive Board in 1997 and was appointed as its chairman in 2001. Mr. Hoek has been appointed for an indefinite period.      |
| <b>E.A.A. (Emiel) Roozen</b>  | Mr. Roozen has Dutch nationality. He was appointed to the Executive Board in 2010. He is the chief financial officer of Delta Lloyd. Mr. Roozen has been appointed for a period of 4 years. |
| <b>P.K. (Paul) Medendorp</b>  | Mr. Medendorp has Dutch nationality. He was appointed to the Executive Board in 2003. Mr. Medendorp has been appointed for an indefinite period.  |
| <b>O.W. (Onno) Versteegen</b> | Mr. Versteegen has Dutch nationality. He was appointed to the Executive Board in 2011. Mr. Versteegen has been appointed for a period of 4 years.   |

At the date of this Summary Document, the supervisory board (*raad van commissarissen*, the **Supervisory Board**) is composed of the following persons:

|                                 |  |
|---------------------------------|--|
| <b>R.H.P.W. (René) Kottman</b>  | Mr. Kottman, the chairman of the Supervisory Board, has Dutch nationality. He was first appointed in 1999. Mr. Kottman's term will expire in 2014. |
| <b>E.J. (Eric) Fischer</b>      | Mr. Fischer, the vice-chairman of the Supervisory Board, has Dutch nationality. He was first appointed in 2006 and his term expires in 2014.       |
| <b>P.G. (Pamela) Boumeester</b> | Ms. Boumeester has Dutch nationality. She was first appointed in 2004 and will resign as of 1 April 2013.  |
| <b>J.G. (Jan) Haars</b>         | Mr. Haars has Dutch nationality. He was appointed in 2006 and his term expires in 2014.  |



|                                  |   |
|----------------------------------|---|
| <b>S.G. (Fieke) van der Lecq</b> | Ms. Van der Lecq has Dutch nationality. She was appointed in 2010 and her term expires in 2014. |
| <b>P.F. (Peter) Hartman</b>      | Mr. Hartman has Dutch nationality. He was appointed in 2010 and his term expires in 2014.       |
| <b>J.M.G. (Jean) Frijns</b>      | Mr. Frijns has Dutch nationality. He was appointed in 2012 and his term expires in 2016.        |
| <b>P. (Patrick) Regan</b>        | Mr. Regan has British nationality. He was appointed in 2010 and his term expires in 2014.       |

### ***Trends and Recent Developments***

#### **Netherlands**

##### Coalition Agreement and the Netherlands 2013 budget

The new Dutch coalition agreement, as presented on 29 October 2012, includes a pension age increase to 67 which prompts insurance companies to adjust their products. The coalition agreement also restricts deductibility of payments in pension schemes for both second and third pillar pension and increased insurance tax on general insurance products, which may lead to a decrease in demand for insurance and pension products. The introduction of the financial transaction tax might erode margins and volumes as well. Furthermore, the Netherlands 2013 budget puts restrictions on tax deductibility of mortgage interest payments.

##### Life Insurance Industry

*Pension fund market:* The Dutch State has eased regulatory restrictions on pension fund involvement in insurance activities. As a result, pension funds may be able to enter areas that, until recently, were exclusively serviced by insurance companies. At the same time, due to challenging investment conditions and higher solvency requirements, pension funds are increasingly facing problems to meet their obligations and to remain independent.

*Bancaire lijfrente:* The individual life insurance market has been severely impacted by the introduction of the *bancaire lijfrente*. This product is sold in two forms: as a long-term savings and investment product (deferred annuity) or as a temporary immediate annuity. Both provide economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products. Due to legislative changes, *bancaire lijfrente* is now as tax-efficient as life insurance products, enabling banks to offer it at terms competitive with individual life insurance. This has resulted in a decline in the sales of certain individual life insurance policies. The market for *bancaire lijfrente* has grown substantially since the introduction of the product.

##### General Insurance Industry

*Combined ratio – softening market:* The general insurance market is cyclical and faces price competition. In recent years, premiums for most products have decreased (a “softening” market). In addition, profitability has been negatively impacted by an increasing claims ratio, due to increased claims frequency as well as increased transparency and price pressure.

*Increase insurance tax:* As a result of the increase of insurance tax from 1 January 2013, the private property and casualty market is expected to be negatively impacted in terms of gross written premiums. Households are expected to terminate contracts for products they consider to be non core products and to decrease their coverage for core products.

## Fund Management Industry

*Number of households with investments:* Although the private investor segment grew from 1.17 million in 2010 to 1.33 million in the spring of 2012, private investors were showing a gloomy outlook on future stock investments and expressed the expectation they would transfer money into savings accounts (Source: Millward Brown 2012).

## Banking Industry

*Bancaire lijfrente:* As described under Life insurance market above.

*New business mortgages decreases:* Due to a variety of reasons the Dutch housing market is currently depressed, which has resulted in decreased new business volumes for the mortgage market. The mortgage market is furthermore confronted with changing tax legislation, as described above.

## **Belgium**

### Life Insurance Industry

The Belgian Life Insurance Industry is characterised by contradicting trends. On the one hand, favourable demographics, such as increased life expectancy and concentration of the population in cities, improve the confidence and the awareness of the consumer on the necessity of life insurance products, such as pension and protection products, to secure their lives during and after work. And on the other hand, unfavourable parameters such as recent changes in legislation and tax regimes applied to the life insurance products and the current low yield environment reduce the attractiveness of the Belgian life insurance market.

The result of these contradicting factors is that the Belgian consumer seeks long term investment, which is predicted to provide a modest return in times of retirement and maturity of policy and protection products that enable them to cope with drawbacks in their lives. The recent evolutions on the financial markets and the ever changing economic environment pushes the consumers towards more pension savings products and unit-linked solutions, where the entry price is low and the expected return attractive.

The current observations indicate a stabilisation or decrease of premiums where several life insurers have adapted their processes to a stricter underwriting and increased prudence on their investment portfolio and sovereign debt exposure.

### Banking Industry

The financial situation in the banking industry is stabilizing after some troublesome years. The Belgian economy showed a small decrease but an increasing number of bankruptcies has been observed, which sharpens banks' attention to provide credit. The level of housing prices is stable/lightly decreasing, but new credit production volumes are decreasing due to the general economic situation.

The Belgian banking industry is characterized by four 'big banks', three 'medium banks' and 'niche banks' who are targeting specific products or client segments. Savings per capita are high compared to other countries, but are still increasing, which shows that the Belgian customer is currently risk averse.

### 3. SELECTED FINANCIAL INFORMATION

The selected financial information of the Group shown in the following tables includes:

- information extracted without material adjustment from the Group's audited consolidated financial statements as at and for the years ended 31 December 2011 and 2010 prepared in accordance with IFRS and audited by Ernst & Young<sup>1</sup>; and
- information derived from the Group's unaudited consolidated financial statements as at and for the six months ended 30 June 2012 and 2011 prepared in accordance with IAS 34 and reviewed by Ernst & Young – the unaudited financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the interim results – the interim results are not necessarily indicative of results to be expected for a full year.

|  | IFRS                     |         |                        |                    |
|--|--------------------------|---------|------------------------|--------------------|
|  | Six months ended 30 June |         | Year ended 31 December |                    |
|  | (unaudited)              |         |                        |                    |
|  | 2012                     | 2011    | 2011 <sup>2)</sup>     | 2010 <sup>2)</sup> |
|  | <i>(EUR million)</i>     |         |                        |                    |
| Gross written premiums                       | 3,091.0                  | 3,014.9 | 5,871.6                | 5,228.4            |
| Total income                                 | 5,640.2                  | 3,670.2 | 9,792.2                | 8,998.9            |
| Total expenses                               | 6,921.0                  | 4,175.6 | 10,033.2               | 8,164.7            |
| Result before tax from continuing operations | -1,280.8                 | -505.3  | -241.0                 | 834.2              |

|   | IFRS                 |          |                    |                    |
|---|----------------------|----------|--------------------|--------------------|
|   | As at 30 June        |          | As at 31 December  |                    |
|   | (unaudited)          |          |                    |                    |
|   | 2012                 | 2011     | 2011 <sup>2)</sup> | 2010 <sup>2)</sup> |
|   | <i>(EUR million)</i> |          |                    |                    |
| Total assets  | 77,911.8             | 68,876.0 | 74,862.9           | 69,187.4           |
| Insurance liabilities   | 42,578.5             | 32,164.5 | 39,104.3           | 35,961.3           |
| Liabilities for investment contracts                                  | 4,281.3              | 3,790.5  | 4,028.1            | 3,758.1            |
| Borrowings  | 6,943.3              | 7,383.4  | 6,898.6            | 8,294.0            |
| Shareholders' equity (net of minority interest)                       | 2,860.0              | 4,021.2  | 3,865.6            | 4,626.6            |
| Tangible shareholders equity (net of minority interest) <sup>3)</sup> | 2,529.7              | 3,690.8  | 3,535.2            | 4,296.2            |

|                   | IFRS result before tax from continuing operations |        |                        |                    |
|-------------------|---|--------|------------------------|--------------------|
|                   | Six months ended 30 June                          |        | Year ended 31 December |                    |
|                   | (unaudited)                                       |        |                        |                    |
|                   | 2012  | 2011   | 2011 <sup>2)</sup>     | 2010 <sup>2)</sup> |
|                   | <i>(EUR million)</i>                              |        |                        |                    |
| Life insurance    | -1,042.9  | -467.0 | -66.8                  | 820.3              |
| General insurance | -28.2   | 10.1   | 63.1                   | 152.3              |
| Fund management   | 29.8  | 25.2   | 45.7                   | 117.8              |
| Banking           | -45.2   | 19.8   | -20.8                  | -54.4              |
| Other             | -194.3  | -93.4  | -262.2                 | -201.8             |
| Total             | -1,280.8  | -505.3 | -241.0                 | 834.2              |

<sup>1</sup> On 5 June 2012, the European Union adopted the amendment to IAS 19. The Group has decided to adopt this amendment early from 1 January 2012. The positive impact on shareholder's funds at 31 December 2011 was EUR 5.2m. The positive impact on the comparative result for the first half year 2011 was EUR 10.5m.

<sup>2</sup> Figures may differ from the annual accounts 2011 due to change in accounting policies IAS 19R.

<sup>3</sup> Tangible shareholders' equity net of minority interest (including 51% of ABN AMRO) comprises shareholders' capital and reserves minus goodwill.

Save for the Group's expectation, barring unforeseen circumstances, that for the full year 2012 the operational result will be approximately 10% lower than reported for the year ended 31 December 2011 (as disclosed in its press release of 8 November 2012, available on [www.deltalloydgroep.com](http://www.deltalloydgroep.com)), there has been no material adverse change in the financial position or prospects of the Group since 31 December 2011.

#### 4. THE SHARES

The authorised share capital of the Company amounts to €150,000,000, divided into:

- 360,000,000 ordinary shares with a nominal value of €0.20 each;
- 15,000,000 preference shares A with a nominal value of €0.20 each; and
- 375,000,000 protective preference shares with a nominal value of €0.20 each.

All shares are registered shares and no share certificates will be issued.

Each Shareholder is entitled to cast one vote per Share held. The rights of shareholders are contained in the articles of association of the Company (the **Articles of Association**). Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the general meeting of the Company (the **General Meeting**) are passed by an absolute majority of votes cast.

Certain resolutions, such as those to increase or reduce the Company's share capital or limit pre-emptive rights, may only be passed by a "Qualified Majority". Pursuant to the Articles of Association, a **Qualified Majority** shall mean a majority of two-thirds of the votes cast regardless of any present or represented capital at the meeting.

No voting rights may be exercised for any Share held by the Company or a subsidiary, unless the Shares are subject to the right of usufruct or a pledge in favour of a company other than the Company or subsidiary, the other company is entitled to the voting rights on the Shares and the right of pledge has been created by a company other than the Company or subsidiary.

Furthermore, the Company or a subsidiary may not exercise voting rights for Shares in the capital of the Company in respect of which the Company or subsidiary has a right of usufruct or a pledge. No voting rights may be exercised for Shares for which the Company or a subsidiary holds depositary receipts (*certificaten van aandelen*) for Shares.

For the purposes of determining whether a specific part of the capital is represented at the General Meeting or whether a majority represents a specific part of the capital, the capital shall be reduced by the value of the Shares for which no voting rights can be exercised.

Holders of a material number of Shares have the same voting rights as other holders of Shares.

#### **Major Shareholders**

Fonds NutsOhra owns all outstanding 13,021,495 Preference Shares A. The Preference Shares A are convertible into Shares. The conditions of conversion were determined upon the first issuance of the Preference Shares A and are set out in a convertible loan agreement dated 22 December 1999 between Fonds NutsOhra and the Group, as amended per 16 October 2009. A Foundation, Stichting Continuïteit Delta Lloyd, has a call option on all protective preference shares. When exercising the call option, Stichting Continuïteit Delta Lloyd is entitled to acquire protective preference shares up to a maximum that is equal to 100% of Delta Lloyd's total issued and outstanding share capital, minus one share, which will entitle it to 49.9% of the voting rights after issuance.

| Capital and voting rights at the date of the Summary Document |                    |             |                     |             |                    |             |
|---|--------------------|-------------|---------------------|-------------|--------------------|-------------|
|   | Shares             | %           | Preference Shares A | %           | Voting rights      | %           |
| Fonds NutsOhra  | -                  | -           | 13,021,495          | 100%        | 13,021,495         | 6.9%        |
| Free Float  | 175,210,816        | 99.1%       | -                   | -           | 175,210,816        | 93.1%       |
| Own purchased shares  | 1,560,055          | 0.9%        | -                   | -           | -                  | -           |
| <b>Total</b>  | <b>176,770,871</b> | <b>100%</b> | <b>13,021,495</b>   | <b>100%</b> | <b>188,232,311</b> | <b>100%</b> |

According to the shareholder notifications in the AFM major shareholder register, in addition to Fonds NutsOhra, Mr. D. Einhorn is also a shareholder with a substantial interest (*substantiële deelneming*, a holding of at least 5 per cent. of the share capital or voting rights) in Delta Lloyd.

Neither Fonds NutsOhra nor Mr. D. Einhorn has specific voting rights.

### **Dividend Policy**

The Executive Board targets a dividend pay out ratio of around 40-45% of net operational result (that is, operational result after tax and minority interests) on the Shares.

In considering the Company's annual dividend each year within the targeted pay-out ratio, the Executive Board also expects to take into consideration the Group's anticipated profitability over its three-year management planning period. By taking into consideration both current and anticipated profitability, the Executive Board intends to provide an appropriate degree of stability in dividend payments, so as to limit the impact of short-term fluctuations in profitability that may arise. Dividend may be paid entirely in cash or entirely in shares at the shareholder's option. 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. The dividend will be paid in shares to investors who fail to state a choice.

For the year ended 31 December 2011, the Company proposed a final dividend of €0.61 per ordinary share, bringing the total dividend for 2011 to €1.03 per ordinary share (+3%). This represents a pay-out ratio of 40% of the operational result. At the General Meeting of 23 May 2012 the proposal of the Company was adopted.

Delta Lloyd has kept its interim dividend 2012, paid in August 2012, unchanged at €0.42. As it is Delta Lloyd's intention not to provide guidance through the interim dividend, no conclusions about the annual dividend may be drawn from the amount of the interim dividend.

## **5. RISK FACTORS**

*Prospective investors should carefully consider the risk factors set out below, together with the other information made available to the public by the Company, before making an investment decision with respect to investing in the Shares. If any of the following risks actually occurs, the Group's business, prospects, financial condition or results of operations could be materially adversely affected. In that case, the value of the Shares could decline and investors could lose all or part of the value of their investments.*

*Although the Group believes that the risks and uncertainties described below are the most material risks and uncertainties, they are not the only ones the Group faces. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to the Group or that the Group currently deems immaterial may also have a material adverse effect on the Group's business, results of operations or financial condition and could negatively affect the price of the Shares.*

*Prospective investors should carefully review this Summary Document and any other information set out in section 6 of this Summary Document and should form their own views before making an investment decision with respect to the Shares. Before making an investment decision with respect to any Shares, prospective investors should also consult their own financial, legal and tax advisers to carefully review the risks*

*associated with an investment in the Shares and consider such an investment decision in light of the prospective investor's personal circumstances.*

### **Financial Risks**

#### **Changes in the financial markets and general economic conditions could have a material adverse effect on the Group's business, revenues, results and financial condition**

The Group's revenues, results and financial condition are affected by changing financial market and general economic conditions, which are outside the control of the Group. These conditions can cause the Group's results of operations to fluctuate from year to year, as well as on a long-term basis, in ways that may be unpredictable. These conditions include employment levels, consumer lending and spending, corporate spending, changes in monetary policies, changes in availability of debt financing, inflation, as well as fluctuations in interest rates, fluctuations in prices of equity, other securities or property in the countries in which it operates. The Group will also be affected by the impact on financial markets which may arise from catastrophic events, terrorism and other acts of war and the governmental and political developments relating to the foregoing, as well as social or political instability, diplomatic relations and international conflicts. These conditions also include economic cycles such as insurance industry cycles, particularly with respect to general insurance, and banking industry cycles as well as financial market cycles, including volatile movements in market prices for securities. The general insurance industry cycles are characterised by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses.

Global financial markets have experienced extreme and unprecedented volatility and disruption, which have had, and may continue to have, a material adverse effect on the Group's revenues, results and financial condition. Further significant downturns in equity markets, further downward appraisals of property values and/or significant movements of interest rates and credit spreads could have a material adverse effect on the Group's capital and solvency position and results. The economic downturns could also result in increased incidence of internal and external fraud, including fraudulent claims by customers, theft, corruption and insider trading.

Since 2009, governments and monetary authorities around the world, including in the Netherlands, have taken actions to stabilise financial markets and prevent the failure of financial institutions and states. The European sovereign debt crisis has continued and credit spreads have not yet fully returned to pre-global economic and financial crisis levels. The Group is monitoring its exposures closely, but the European sovereign debt crisis may affect the Group's results in the future.

As a result of the recent economic downturn, driving many countries into recession (including the Netherlands, Belgium and Germany where the Group operates), there have been increasingly high levels of unemployment. Bank lending has been severely reduced and the housing markets in Europe and North America have declined. In addition to the other risks described in this section, these conditions have resulted, and may continue to result, in a reduction in demand for the Group's products, as well as a reduction in the value of its assets under management (**AUM**). The Group has experienced, and may continue to experience, more fluctuations in claims and policy lapses and withdrawals. Any reduction in demand for the Group's products, decline in the market value of the Group's assets under management or an increase in policy lapses or withdrawals, would result in a reduction in the fee and premium income generated by the Group.

Furthermore, the Group's cost of protecting itself against certain risks, in particular interest rate volatility and equity risk, that are related to these distressed conditions through, for instance, derivative instruments has been proportionally higher due to the volatility in the financial markets. The Group cannot predict how long these distressed conditions will continue, but sustained volatility and continuance of these distressed conditions or any repeat of such distressed conditions could increase the costs of hedging and materially adversely affect its business, revenues, results, cash flows and financial condition.

**The Group is exposed to credit risks, and defaults or increased fear of default of the Group's debtors or entities in which the Group has invested could have a material adverse effect on the value of the Group's assets**

Credit risk refers to the potential losses incurred by the Group as a result of debtors not being able to fulfil their obligations when due, or a perceived increased likelihood thereof. Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit rating downgrades and/or spread widening, or impairments and write-downs (for instance, if a bank loan is deemed no longer fully recoverable). Both the Group's insurance and banking businesses are exposed to various types of general credit risk, including spread risk, default risk and concentration risk.

Like most insurance companies, the Group has a significant fixed income portfolio in which assets are matched against both its life and general insurance liabilities. The fixed income portfolio is measured at fair market value. The Group is exposed to the risk that the market value of these assets decreases. A number of factors can cause an individual asset or a whole class of assets to decrease in market value, including a perception or fear in the market that there is an increase in the likelihood of defaults (the "spread risk"), or a material decline in the liquidity of these assets making them difficult to value.

The Group is also exposed to default risk, which is the risk that third parties owing money, securities or other assets to the Group do not pay or fulfil their obligations when due. These parties include trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, reinsurers, bond issuers, and financial intermediaries. The Group's banking subsidiaries are exposed to the credit risk of borrowers. Third parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, fraud or other reasons.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken large positions. A single default of a large exposure could therefore lead to a significant loss for the Group.

**The Group is exposed to counterparty risk in relation to other financial institutions. Deteriorations in the financial soundness of other financial institutions may have a material adverse effect on the Group's business, revenues, results and financial condition**

Due to the nature of the global financial system, financial institutions, such as the Group, are interdependent as a result of trading, counterparty and other relationships. Other financial institutions with whom the Group conducts business act as counterparties to the Group in such capacities as borrowers under loans, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform their obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security they provide may prove inadequate to cover their obligations at the time of the default.

The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance and banking industries. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Group believes that despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Group operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results and financial condition.

**The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position**

The Group's investment returns are highly susceptible to fluctuations in equity, fixed income and property markets.

The Group bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Group's profitability, capital position and sales of equity related products. A decline in any of these markets will lead to a reduction of unrealised gains in the asset or result in unrealised losses and could result in impairments. Any decline in the market values of these assets reduces the Group's solvency, which could materially adversely impact the Group's financial condition and the Group's ability to attract or conduct new business.

The value of the Group's own risk fixed income portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by liquidity generally in the bond markets. When the credit rating of the issuer of the debt securities falls, the value of the fixed income security may also decline. In addition, most of the Group's fixed income securities are classified as financial assets at fair value through profit or loss and, as a result, any decline in the market value of these fixed income securities is reflected as a loss in the period during which it occurred, even if the Group has not sold the securities but kept them in its portfolio.

The value of the Group's property portfolio is subject to risks related to, amongst others, occupancy levels, rent levels, consumer spending, prices of properties and interest rates. Due to the recent economic downturn, the property market faces worsening commercial property occupancy levels and low consumer spending on residential property, which, in turn, could reduce returns on property investments. Occupancy levels could drop if the Group does not properly manage the contractual provisions governing the leases related to the properties. For instance, short-term contracts or provisions entitling customers to terminate contracts early could reduce occupancy. The recent economic downturn could also result in a further decline in the market values of residential and commercial properties as a result of reluctance in the market to further buy property or to invest in new building projects. Any decline in the market values of its property investments could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group is exposed not only in respect of its own capital invested in equities, fixed income assets and property, but also in respect of its liabilities to policyholders in respect of the funds of policyholders and other customers invested in equities, fixed income assets and property under life insurance contracts such as unit-linked products and investment contracts.

Many of the Group's life insurance products guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. In the event that the decline in value of the invested assets is greater than the decline in liabilities associated with the guaranteed benefits, the Group must increase its provisions formed for the purpose of funding these future guaranteed benefits, which will result in an adverse impact on the Group's results.

In addition, the Group's revenues from unit-linked products (including those without minimum guarantees) and investment contracts depend on fees paid by the customer. Because those fees are generally assessed as a percentage of AUM, they vary directly with the market value of such assets. Therefore a general decline in financial markets, including in particular equity markets, will reduce the Group's revenues under these contracts.

**Interest rate volatility and sustained low interest rate levels could have a material adverse effect on the Group's revenues, results and financial condition**

Interest rate risk generally originates from movements of interest rates, either upwards or downwards, and a mismatch in the duration of assets and liabilities. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations,



fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Group. The value of the Group's liabilities in respect of certain products, notably annuities, varies as interest rates fluctuate. While the value of fixed income assets and derivatives is also affected by fluctuations in interest rates, the impact of such fluctuations on assets and liabilities may be different due to factors such as differences in volume and duration. Furthermore, interest rates of different maturities can also fluctuate relative to each other. This results in a steepening or flattening of the yield curve. This may have an effect on the Group's assets and liabilities, may lead to losses and may have an impact on the valuation of the Group.

A significant risk for the Group is the relatively low yield on reinvestments as a result in particular of low interest rates and on the overall investment portfolio more generally as less risk is being accepted by the Group (*de-risking*).

The Group uses derivative instruments such as interest rate swaps and swaptions to mitigate its exposure to interest rate volatility. Any mismatch between the interest rate used for discounting the liabilities and the hedged interest rate could render the hedge unsuccessful and expose the Group to unexpected losses and volatility.

**Prolonged investment underperformance of the Group's funds under management may cause existing customers to withdraw funds and potential customers not to grant investment mandates, which could have a material adverse effect on the Group's business, revenues, results and financial condition**

When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and the individual who is responsible for managing the particular fund. This is also true in relation to certain investment products sold by the Group's life assurance and pension business such as life pensions. In the event that the Group does not provide satisfactory or appropriate investment returns in the future, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key individual investment managers, existing customers (including pension funds) may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager. In addition, potential customers may decide not to grant investment mandates. Such a prolonged period of investment underperformance could have a material adverse effect on the Group's business, revenues, results and financial condition.

**Illiquidity of certain investment assets could prevent the Group from selling investments at fair prices in a timely manner**

Liquidity risk is inherent in much of the Group's business. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity in that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, have low liquidity. Market downturns exacerbate low liquidity. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with the markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations. Since 2007, illiquidity has generally been higher than before in all fixed income classes, particularly in asset-backed securities. Due to illiquidity in the capital markets for certain asset classes, the Group may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs.

In addition, illiquid markets could result in the Group's banking business line being required to hold higher positions of liquid but low yielding assets as a buffer or having to raise or hold additional funds for operational purposes through financings, thereby adversely affecting revenues and results.

**Adverse experience compared with the assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition**

The Group's financial results from its operations and its embedded value depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy is underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These assumptions are estimates based on historical data and statistical projections of what the Group believes the settlement and administration of its liabilities will be and are therefore applied to arrive at quantifications of some of the Group's risk exposures.

Although the Group monitors its actual experience against the assumptions it has used and refines its long-term assumptions in accordance with actual experience, it is impossible to determine the precise amounts that are ultimately payable. Statistical methods and models may not accurately quantify the Group's risk exposure if circumstances arise that were not observed in the historical data or if the data otherwise proves to be inaccurate.

Lapse risk, which is the risk of policy lapses or withdrawal increases beyond expectations, is another important variable for the Group's business as the Group is not always able to fully recover the up-front expenses incurred by it in selling a product and it may force the Group to sell assets at depressed prices. Lapse risk could have a material adverse effect on the Group's fee income, revenues and results. The Group is facing the consequences of external developments related to the distribution fees of insurers. This relates to the prohibition of retrocession fees for brokers that is effective per 1 January 2013 for complex financial products such as life insurance, occupational disability insurance and mortgages in particular.

In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force are deferred and recorded as assets on the Group's balance sheet and are amortised into income over time. If the assumptions relating to the future profitability of these policies (such as assumptions relating to future claims, investment income and expenses) are not realised, these costs could be amortised faster or written off entirely if deemed unrecoverable. The accelerated amortisation or write-off could have a material adverse effect on the Group's results.

**Changes in longevity, mortality and morbidity experience may materially adversely affect the results of the Group**

The Group's insurance business is exposed to longevity risk (the risk the insured party lives longer), mortality risk (the risk the insured party dies sooner) and morbidity risk (the risk the insured party falls seriously ill or is disabled).

Annuities (including the Group's single premium group pension business) and other life insurance products are subject to longevity risk, which is the risk that annuitants live longer than was projected at the time their policies were issued, with the result that the insurer must continue paying out to the annuitants for longer than anticipated (and therefore longer than was reflected in the price of the annuity and in the liability established for one policy).

Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of future life expectancy increasing at a faster rate than expected), there can be no assurance that its provisions will indeed be adequate and the Group expects more additions to its provisions on account of longevity risk will have to be made in future years. Should the provisions be insufficient, the Group's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition.

Expected mortality improvements over the next 50 years are incorporated in the pricing of policies. Since 2010, the Group has used estimates of longevity published by Statistics Netherlands (*Centraal Bureau voor de Statistiek*). In December 2012, Statistics Netherlands published a new mortality table incorporating the

latest mortality forecasts for men and women. The basis of the newly published table has been altered. The Group is currently analysing if this table is suitable for the Group's accounts. At the date of this Summary Document, the impact of this new table on the Group is not yet clear.

The Group's life insurance business is also exposed to mortality risk, especially in term life insurance and pension contracts where the surviving partner is the beneficiary. The mortality risk associated with the Group's life business has been partly reinsured in an effort to control the risk.

The Group's general insurance business, especially its income protection and disability products, is exposed to morbidity risk, in particular the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk, in the case of income protection or waiver of premium benefits, that those who are eligible to make a claim do so for longer than anticipated (and therefore longer than was reflected in the price of the policies and in the liability established for the policies). Improvements in medical treatments that prolong life without restoring the ability to work could lead to these risks materialising. The Group has partly reinsured the morbidity risk in an effort to control this risk.

### **Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations**

As part of its overall risk and capacity management strategy, the Group purchases reinsurance for certain risks underwritten by various of its business lines, in particular general insurance. Market conditions beyond the Group's control determine the availability and cost of reinsurance. The Group may therefore be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could materially adversely affect its ability to write future business and expose it to higher levels of losses. The ceded risks vary significantly based on individual treaties.

### **Catastrophic events could result in material financial losses in the Group's insurance business**

The Group's results and financial condition could be adversely affected by volatile natural and man-made disasters such as hurricanes, heavy storms, earthquakes, terrorism, riots, fires and explosions, pandemic disease and other catastrophes. The Group's exposure is a function of the frequency of catastrophic events and the severity of the individual events. The incidence and severity of catastrophes are inherently unpredictable and a single catastrophe or multiple catastrophes in any one year could have an adverse effect on the Group's financial condition. Over the past several years changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure. Generally, the Group seeks to reduce its exposure to these events through individual risk selection, monitoring risk accumulation and purchasing reinsurance. However, such efforts to reduce exposure may not be successful and such events could therefore lead to considerable financial loss, which could materially adversely affect the Group's results and financial condition.

### **Revised claim patterns**

During 2012, the Dutch general insurance industry has been confronted with a change in claim patterns in certain disability products (WGA) as the anticipated maximum claim period was extended. Delta Lloyd will recognize this revised claim pattern in the fourth quarter of 2012 as part of its regular reserving process. As at the date of this Summary Document, Delta Lloyd is not yet in a position to quantify the amount of the anticipated provision.

## *Strategic Risks*

### **The Group relies heavily on its network of intermediaries in the Netherlands to sell and distribute its products and may not be able to maintain a competitive distribution network**

Although the Group uses a number of distribution channels for the marketing and offering of its products and services in the Netherlands, its intermediary channel is the most important.

The intermediaries in the Netherlands are independent of the Group. While the Group does provide financing for some Dutch intermediaries, it does not take equity stakes in them. In addition, the Group does not have exclusivity agreements in place with Dutch intermediaries so they are free to offer products from other insurance companies as well, and there is no obligation on them to give precedence to the products of the Group.

The successful distribution of the Group's products in the Netherlands therefore depends on the preferences of intermediaries for its products and services. An intermediary assesses which companies are suitable for it and its customers by considering, among other things, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength and perceived stability, ratings, the amount of initial and recurring sales commission and fees paid by a company and the quality of the service provided to the intermediary. An intermediary then determines which products are most suitable by considering, among other things, product features and price. An unsatisfactory assessment by an intermediary of the Group and its products based on any of these factors could result in the Group generally, or in particular certain of its products, not being actively marketed by intermediaries to their customers in the Netherlands.

A prohibition of commissions for intermediaries is implemented per 1 January 2013 for complex financial products like life insurance pensions, mortgages and permanent health (disability) insurance. Commissions are now included in the gross price of these products for the end customer. Further cancellation of profit commission and bonuses for underwriting agents also appears to be in progress. Developments lead to unrest and uncertainty for the intermediaries and they will have to adapt their business model quickly. The risk for the Group is that its collaborating agents may no longer be viable and overall production and portfolio could significantly decrease.

Further, standards of expertise for advising on financial products are being tightened. Every employee that is in contact with customers and that offers advice will have to meet specified certification standards. This may mean that the distribution base will decline over the next few years. By 1 June 2015, new legislation regarding the requirements of expertise for existing intermediaries (*WFT vakbekwaamheidseisen voor bestaande intermediair*) will take effect. Intermediaries that close their businesses will transfer their portfolios to other intermediaries or providers.

### **The Group faces significant competition from other insurers and non-insurance financial services companies such as banks, broker-dealers and asset managers which offer the same or similar products and services, in each of its markets**

There is substantial competition in the financial services industry based principally on price, product features, commission structures, financial strength, claims paying ability, ratings, administrative performance, support services and name recognition. The Group faces intense competition from a large number of insurance companies and non-insurance financial services companies such as banks, broker-dealers and asset managers, regarding the delivery of products to individual customers, pension funds and intermediaries. The Dutch and Belgian insurance markets are mature and highly penetrated markets, and the growth potential of insurance companies in these countries is limited. Some of the Group's competitors may have greater financial, technical and operating resources or have more established and diversified operations in terms of product range, distribution channels and geographical spread or offer alternative products, more efficient service delivery or more competitive pricing than the Group. Some of the Group's competitors may also be subject to more favourable regulatory requirements.

Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes.

In addition, the Group's competitive position could also be materially adversely impacted if it is unable to reduce and control its operating expenses, and as a result it is unable to follow the market in offering lower prices, causing its products to lose their competitiveness. Furthermore, competition could be intensified by the development of alternative distribution channels for certain types of insurance and securities products. Any increase in competition could result in increased pressure on product pricing and commissions on a number of products, which could, in turn, have a material adverse effect on the Group's results and harm its ability to maintain or increase its market share.

### **The Group is exposed to further changes in the competitive landscape in which it operates**

The recent economic downturn has resulted in important changes in the competitive landscape in which the Group operates and further changes can be expected. The financial distress experienced by certain financial services industry participants in the Netherlands and Belgium and (including some of the Group's major competitors) as a result of such market and economic conditions have led and may lead to further consolidation in both the insurance and banking markets through acquisitions, forced takeovers and the formation of new alliances. An increased level of consolidation could enhance the competitive position of some of the Group's competitors by broadening their product and services ranges, increasing their distribution channels and their access to capital. Although the Group will continuously evaluate its opportunities for acquisitions, joint ventures, alliances or investments that may take advantage of such consolidation, any failure by the Group to successfully identify suitable transactions, properly value transactions, complete transactions or otherwise respond to changes in the competitive landscape could harm the Group's competitive position, and its ability to maintain or increase its market share and profitability.

Regulatory changes can also open up new areas of competition. One of the most recent changes is that pension funds may have subsidiaries, that can be pension providers and insurance subsidiaries. Any such regulatory changes resulting in pension funds being allowed to service markets currently primarily serviced by insurance companies could further alter competitive positions as the pension funds have strong, recognised brands that are synonymous with reliability, trustworthiness and financial stability. Pension funds also have easy access to large numbers of participants and pensioners for cross-selling of any of their insurance products. Furthermore, pension funds are not subject to the same prudential supervision and solvency restrictions as insurance companies (Financial Assessment Framework (*Financieel Toetsingskader*) for pension funds and Solvency for insurance companies). Proposals to align to the supervisory requirements for pension funds and insurance companies are being discussed and will result in adapting the Institutions for Occupational Retirement Provision (IORP) Directive in Europe.

Regulatory changes could also result in a reduction in the demand for the Group's pension products. Since 2007, companies that previously only had the option of going to an insurer or incorporating their own pension plans, now also have the option to affiliate with industry-wide pension funds on a voluntary basis. Furthermore, as of 1 January 2008 it is possible for divested companies to remain affiliated with the company pension fund of their former parent company, while they were previously obliged to obtain an insurer or incorporate its own pension fund to administer its pension plan. In addition, in January 2011 the Dutch State has introduced new pension vehicles which enable pension funds to cooperate and realise cost savings through economies of scale without having to pool their assets. They provide pension funds with an alternative to the Group's pension products. The Group has started a joint venture with Binck Bank (BeFrank, premium pension institution), but seven other premium pension institutions are also active in the same market as BeFrank; hence the market is very competitive. The introduction of multi-company pension funds for Dutch companies would provide pension funds with an alternative to transferring their pension schemes directly to insurers.

On 1 January 2008, the Dutch Bank Saving Act (*Wet banksparen*, the **Dutch Bank Saving Act**) entered into force, with the stated purpose to increase competition in the life insurance market. The Dutch Bank Saving Act allows banks to offer a product called *bancaire lijfrente* which enjoys the same tax advantages as a life insurance policy. Banks can offer this product on terms and at prices that are competitive with an individual life insurance policy. Following the introduction of this act, banks, who may have broader distribution channels, increased resources and easier access to capital, have been offering *bancaire lijfrente* for pension accumulation and mortgage loan repayment and home mortgage savings accounts.

The competitive landscape in which the Group operates could be further affected by certain governmental actions in the Netherlands and Belgium to address the severe dislocations in the financial markets. Governments have injected capital or otherwise supported some of the Group's competitors in the markets in which it operates. Although this government support is subject to strict European legal restrictions on state aid that are generally aimed at avoiding unfair competition, the risk remains that competitors that have received capital injections from a government are able to offer products on more favourable terms or better prices than would otherwise be the case, which could hurt the Group's market share and have a material adverse effect on its revenues, profits and financial condition.

The new Dutch coalition agreement was presented on 29 October 2012, and includes a pension age increase to 67 which prompts insurance companies to adjust their products. The coalition agreement also restricts deductibility of pension payments for both second and third pillar pension and increased insurance tax on general insurance, which may lead to a decrease in demand for insurance and pension products. The introduction of the financial transaction tax might erode margins and volumes as well.

**The Group is exposed to the risk of damage to any of its brands, brands of its partners or its reputation**

The Group's success and results are, to a certain extent, dependent on the strength of its brands and the Group's reputation. The Group and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group relies on its principal brand, Delta Lloyd, but is also dependent on other brands such as OHRA, ABN AMRO Insurance, Erasmus and Cyrte Investments B.V. (**Cyrte**). The Group is exposed to the risk that litigation (such as on mis-selling), employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could damage its brands or reputation. Any of the Group's brands or the Group's reputation could also be harmed if products or services recommended by the Group (or any of its intermediaries) do not perform as expected (whether or not the expectations are founded) or the customer's expectations for the product change.

Any damage to the Group's brands (or brands associated with the Group) or reputation could cause existing customers or intermediaries to withdraw their business from the Group and potential customers or intermediaries to be reluctant or elect not to do business with the Group. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Group, which could make it more difficult for the Group to maintain its credit rating. Any damage to the Group's brands or reputation could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded.

**The Group business has strategic alliances with ABN AMRO Bank and CZ and the termination of or any change to these alliances could have a material adverse effect on its business, revenues, profits or financial condition**

The Group sells insurance under the ABN AMRO Insurance brand through a joint venture between the Group and ABN AMRO Bank. For the year 2011, 13% of the Group's total gross written premium was attributable to the ABN AMRO Insurance branded products. Although the joint venture is a long-term agreement, it can be terminated early under certain circumstances. Termination of, or any other change to, the Group's relationship with ABN AMRO Bank could adversely affect the sale of its products and its

growth opportunities in the Netherlands and could therefore have a material adverse effect on its business, revenues and profits.

The Group also has a partnership with the health insurer CZ. CZ distributes income and absenteeism-related insurance policies underwritten by the Group but CZ-branded to CZ's customers, while the Group distributes CZ-underwritten but Delta Lloyd or OHRA branded health insurance policies to the Group's customers. The Group also benefits from opportunities to sell certain of the Group's other insurance, banking and investment products to CZ's customers (cross-selling). The CZ agreements are long-term agreements, but can be terminated early. The termination of or a change in the Group's relationship with CZ could negatively affect its sales volumes of these products, its products offering to its customers and its growth opportunities and could therefore have a material adverse effect on its business, revenues, profits or financial condition.

### **The Group's business is concentrated in the Netherlands and Belgium**

The Group is particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and Belgium and highly susceptible to changes in any of these conditions. Its own risk investment portfolio, in particular its equity and real estate portfolios are also particularly exposed to changes in the Dutch and Belgian economic and market conditions.

Economic conditions have been difficult in the Netherlands and Belgium in last years. Any further deterioration in these conditions or a long-term persistence of these conditions could result in a downturn in new business and sales volumes of the Group's products, and a decrease of its investment return, which, in turn, could have a material adverse effect on the Group's growth, business, revenues and results.

### ***Regulatory Risks***

#### **Changes in government regulations in the countries in which the Group operates may have a material adverse effect on its business, revenues, results and financial condition**

The Group's business is heavily regulated and supervised. Failure to comply with any laws and regulations could lead to disciplinary action, the imposition of fines and/or revocation of a licence, permission or authorisation necessary for the conduct of the Group's business or civil liability, all or any of which could have a materially adverse effect on the Group's business.

Laws and regulations applied at a national level generally grant supervisory authorities broad administrative discretion over the Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Group's business or particular products and services could be adopted, amended or interpreted in a manner that is adverse to the Group. These include laws and regulations that (a) reduce or restrict the sale of the products and services offered by the Group, (b) negatively affect the pricing, distribution or performance of these products and services, (c) prohibit the Group from putting certain exclusions in its insurance policies or (d) affect the Group's solvency and capital requirements. The Group's revenues, costs, results and available or required regulatory capital could also be affected by an increase or change in regulations. In recent years, the general trend in Dutch regulation has been to hold financial institutions to increasingly stricter and more detailed standards concerning their duty of care to their customers. This trend affects the Group's Dutch life insurance business through rules regarding the sale of pension and life insurance products to individuals as well as the introduction of life cycle investment restrictions in collective defined contribution plans. The Group's Dutch banking operations are particularly affected through requirements to assess the suitability of mortgage products for customers.

#### **The EU Commission is currently in the process of introducing a new regime governing solvency margins and provisions, the effect of which is uncertain**

The EU Commission is carrying out a wide-ranging review in relation to solvency margins and provisions (the project being known as **Solvency II**). It is intended that the new regime for insurers and reinsurers (apart from very small firms) will apply more risk-sensitive standards to capital requirements, bring insurance

regulation more closely in line with banking and security regulation with a view to avoiding regulatory arbitrage, align regulatory capital with economic capital and introduce an enhanced degree of public disclosure.

The European Parliament and Council of the European Union approved the directive containing the framework principles of Solvency II on 22 April and 5 May 2009, respectively. Adaptations to the directive have been made in 2012 and further adaptations are expected to be adopted in 2013. The new legislation is currently foreseen to become fully applicable no earlier than 1 January 2016.

It is still uncertain when the Solvency II rules will be finalised and what the final form of the new regulations will be. The Group therefore cannot predict the exact impact that the rules will have on the Group, its business, capital requirements, financial condition, key risk management resources or results of operations. The Group is opting for an internal model to determine its regulatory capital under Solvency II. The Group has been using its own methodology to calculate required capital on an economic basis for a number of years. This required capital is used for internal risk management purposes and reporting to the Dutch Central Bank as part of the Group's Economic Capital reporting requirements. These methodologies have been reviewed for compliance with Solvency II. Given the uncertainty of future implementation of Solvency II, there can be no assurance that the Group will not need to strengthen its solvency if and when Solvency II enters into force.

#### **The amended capital requirements under Basel III will be implemented in the Capital Requirements Directive IV, the effect of which is uncertain**

Through its banking division, the Group will be subject to the higher capital requirements of Basel III. There will be more stringent regulation on liquidity and funding as well. There is some uncertainty in the European Commission adopting the Basel II implementation timeline into the Capital Requirements Directive IV, and in the exact transposition of Basel III.

#### **Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition**

The Group faces significant risks of litigation and regulatory investigations and actions in the conduct of its business. In recent years, the financial services industry and financial products have increasingly been the subject of litigation, investigation and regulatory activity by various governmental, supervisory and enforcement authorities. The litigation and investigations concern common industry practices such as the disclosure of contingent commissions, transparency of costs and the accounting treatment of finite reinsurance or other non-traditional insurance products. Such investigations into the financial services industry generally, and specifically with respect to the Group, are ongoing.

The Group cannot predict the effect that the current trend towards litigation and investigation will have on the financial services industry or its business. Current and future investigations by supervisory authorities, in particular in the context of market conduct supervision, could result in sanctions, require the Group to take costly measures or result in changes in laws and regulations in a manner that is adverse to the Group and its business. Changes to the pricing structure of any products resulting from legal or regulatory action, a substantial legal liability or a significant regulatory action could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, the Group's reputation could suffer and it could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Group, particularly those cases in which the matters are brought on behalf of various groups of claimants, seeking damages of unspecified or indeterminate amounts or involving novel legal claims.



**The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly**

The Group's life insurance, general insurance, investment and pensions products are exposed to mis-selling claims. Mis-selling claims are claims from customers that they received misleading advice from advisers (internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. Products distributed through person-to-person sales forces have a higher exposure to mis-selling as the sales forces provide face-to-face financial planning and advisory services. Customers (whether they be individual or group customers) who feel that they have been misled have sought, and may in the future seek, redress for expectations that the advice or perceived misrepresentations created. They may also hold the insurance company accountable for the advice given by an intermediary, even though the insurance company has no control over the intermediary. Complaints may also arise in respect of any other aspect of the Group's business if customers feel that they have not been treated reasonably or fairly (whether or not this accurate or well founded) or that the Group has not complied with its duty of care. Furthermore, customers' views of what is fair and reasonable could change over time.

**Changes in tax law may render the Group's products less attractive, or affect its own tax position**

Some of the Group's products are attractive to customers because they afford certain tax benefits. Individual life insurance policyholders can under certain conditions deduct their payments from their taxable income. Mortgage borrowers can under certain conditions also deduct their interest payments under residential mortgage loans. Interest payments on a residential mortgage loan are only deductible if the mortgage loan is repaid in 30 years on (at least) an annuity (*annuitaire*) basis. This limitation only applies to mortgage loans taken up after 1 January 2013. These changes in tax laws or the interpretation thereof or changes in rates of taxation could have a material adverse effect on the attractiveness of the Group's products and therefore its business, revenues, results and financial condition.

## **New legislation (proposals) to deal with ailing insurance companies could affect Shareholders**

On 13 June 2012 (with retro-active effect as of 20 January 2012) the Dutch act granting additional powers to the Dutch Minister of Finance and DNB to deal with ailing banks and insurance companies came into force in the Netherlands (*Intervetiewet*) (**the Dutch Intervention Act**). The act is inspired by a consultation launched by the European Commission on 6 January 2011 on a comprehensive framework to deal with ailing banks and insurance companies (the **EU Proposal**). A draft EU Directive on the basis of that EU Proposal was published in June 2012. The EU Proposal contains a number of legislative proposals, some (but not all) of which are reflected in the Dutch Intervention Act. Under the Dutch Intervention Act, substantial new powers would be granted to DNB and the Minister of Finance enabling them to deal with ailing Dutch banks and insurance companies prior to insolvency. The measures would allow them to commence proceedings which may lead to: (i) the transfer of all or part of the business (including, in the case of a bank, deposits) of an ailing bank or insurance company to a private sector purchaser; (ii) the transfer of all or part of the business of an ailing bank or insurance company to a "bridge entity"; (iii) the transfer of the shares in an ailing bank or insurance company to a private sector purchaser or a "bridge entity"; (iv) immediate interventions by the Minister of Finance concerning an ailing bank or insurance company and (v) public ownership (nationalisation) of all or part of the business of an ailing bank or insurance company or of all or part of the shares or other securities issued by an ailing bank or insurance company. The Dutch Intervention Act contains provisions prohibiting counterparties of banks and insurance companies to invoke contractual rights (such as, for instance, contractual rights to terminate or to invoke a right of set off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Minister of Finance based on the Dutch Intervention Act or the Wft or by a circumstance which is the consequence of such intervention. If and when the above mentioned EU Directive is promulgated and needs to be implemented, the Dutch Intervention Act will probably need to be amended to reflect the provisions of that EU Directive.

There is a risk that exercise of powers by DNB or the Minister of Finance under the Dutch Intervention Act could adversely affect the Company.

### ***Operational Risks***

**The Group's operations support complex transactions and are highly dependent on the proper functioning of information technology and communication systems. Any failure of its information technology or communications systems could have a material adverse effect on its results and reputation**

The Group relies heavily on its operational processes and communication and information systems to conduct its business, including (without limitation) to determine the pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with its reporting obligations. The Group depends greatly on third party providers of administration and IT services and other back office functions. The Group's Dutch operations have outsourced telecommunications services to KPN. The Group has in-sourced other parts of its Dutch ICT services after it terminated an outsourcing contract on 1 July 2009, but will consider outsourcing these services again in the future.

Any interruption in the Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Group's brands and reputation. Furthermore, if the contractual arrangements put in place with any third party providers are terminated, the Group may not find an alternative outsource provider on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on the Group's business, revenue, results and financial condition.

In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of its systems are in process to update old systems and

infrastructure, the Group cannot assure investors that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Furthermore, the Group is exposed to cyber crime risks. Login credentials of customers, intermediaries and employees may be intercepted by cyber criminals (e.g. Trojan on PC). This could lead to abuse of information and harm the Group's reputation.

Any interruptions, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect the Group's ability to compete with its competitors.

### **The Group may not be able to retain or attract personnel who are key to the business**

The success of the Group's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel including a sufficiently-sized population of staff familiar with and appropriately qualified for the requirements of a listed company and, in particular, with the expertise required to meet the disclosure and financial reporting obligations of a listed company. Competition for key personnel in most countries in which the Group operates is intense. Its ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers, sales executives, risk managers, financial reporting managers, actuaries and compliance officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Any failure by the Group to retain or attract qualified personnel could have a material adverse effect on its business, revenues, results or financial condition.

### **Catastrophic events could threaten the Group's business continuity**

Natural disasters, terrorism, floods and fires could disrupt the Group's operations and result in significant loss of property, key personnel and information about its customers, intermediaries and the Group itself. Disaster recovery has been arranged for the most important business units and processes of the Group.

If the Group's business continuity plans do not include effective contingencies for such events (including possible staff absence during a pandemic disease), recovery may not be realised in a timely manner and completely, which could result in significant disruptions in its operations. Any such disruptions could result in loss of customers, reduced sales volumes, damage to the Group's reputation and could materially adversely affect its competitive position, business, revenues, results, reputation and financial condition for a substantial period of time.

### ***Financial Reporting Risks***

#### **Changes in accounting standards or policies could materially adversely affect the Group's reported results and shareholders' equity**

Since 2005, the Group's financial statements have been prepared and presented in accordance with IFRS. Any changes in IFRS requirements may have a significant impact on its reported results, financial condition and shareholders' equity. This includes the level and volatility of reported results and shareholders' equity.

#### **Defects and errors in the Group's processes, systems and reporting may cause internal and external miscommunication, wrong decisions and/or wrong reporting to clients**

Defects and errors in the Group's financial and actuarial processes, systems and reporting including both human and technical errors, could result in a late delivery of internal and/or external reports or reports with insufficient or inaccurate information.

Furthermore, defaults and errors in the Group's financial reporting processes, systems and reporting could lead to wrong management decisions in respect of, for instance, product pricing which could materially adversely affect its net income.

Any errors in information used for external reporting purposes such as reported profit and loss statements, market consistent embedded value, balance sheet components and reported financial conditions, could materially adversely affect the Group's business, revenues, profits and financial condition as restatements of any publicly disclosed information, in any form, could seriously harm its reputation.

### ***Risks related to the Shares***

#### **The price of the Shares may be volatile**

The trading price of the Shares may be subject to wide fluctuations in response to many factors, including equity market fluctuations, general economic conditions and regulatory changes which may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in its key markets.

#### **The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in the Company**

The Executive Board, subject to the approval of the Supervisory Board, has been designated as the authorised body to issue Shares and protective preference shares in the capital of the Company (the **Protective Preference Shares**) for a period of eighteen months. Pursuant to this designation, the Executive Board may resolve to issue Shares to a maximum of 10% of the issued and outstanding share capital at the time of issue, increased by another 10% in the case of a merger or takeover. The authority to issue Protective Preference Shares is not limited and concerns all Protective Preference Shares which are not yet issued.

The Group may in the future seek to raise capital through public or private debt or equity financings by issuing additional Shares or other shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Shares. Any additional capital raised through the issue of additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Group may need may not be available on terms favourable to the Group or at all, which could adversely affect the Group's future plans. Any additional offering of shares by the Company, or the public perception that an offering may occur, could also have a negative impact on the trading price of the Shares and could increase the volatility in the trading price of the Shares.

### **The Articles of Association contain protection provisions that may prevent or discourage takeover attempts that may be favourable to the Shareholders**

The Articles of Association contain protection provisions that may have the effect of preventing, discouraging or delaying a change of control. Stichting Continuïteit Delta Lloyd has been granted a call option by the Company. When exercising the call option, Foundation Continuïteit Delta Lloyd is entitled to acquire Protective Preference Shares up to a maximum that is equal to 100% of the Company's issued share capital in the form of Shares and Preference Shares A immediately prior to the exercise of the call option, minus one Share.

The issuance of Protective Preference Shares in this manner would cause substantial dilution to the voting power of any Shareholder, including a Shareholder attempting to gain control of the Company, and could therefore have the effect of preventing, discouraging or delaying a change of control that might otherwise be in the Shareholders' best interest or have otherwise resulted in an opportunity for Shareholders to sell the Shares at a premium to the then-prevailing market price. This anti-takeover measure may have an adverse effect on the market price of the Shares.

### **The Company's ability to pay dividends to Shareholders may be constrained**

The Company's ability to pay dividends to its Shareholders is dependent on its anticipated profitability over a three year management planning period. Its ability to declare and pay dividends is further subject to regulatory, legal and financial restrictions, as well as the Company's solvency position.

In addition, the Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends. Its ability to declare and the ability of its operating subsidiaries to pay dividends may be restricted to protect the security of policyholders, as applicable regulations may prohibit the payment of dividends in certain circumstances.

The actual payment of future dividends, if any, and the amounts thereof, will depend on a number of factors including (but not limited to) the amount of distributable profits and reserves, regulatory capital position, capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the credit ratings, applicable restrictions on the payment of dividends under applicable laws, compliance with credit covenants, the level of dividends paid by other comparable listed companies doing business in the Netherlands and such other factors as the Executive Board and Supervisory Board may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Shares would be investors' sole source of gains.

### **Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings**

In the event of an increase in the Company's Share capital, holders of Shares are generally entitled to full pre-emptive rights unless these rights are excluded either by a resolution of the General Meeting at the proposal of the Executive Board, with the approval of the Supervisory Board, or by a resolution of the Executive Board with the approval by the Supervisory Board (if the Executive Board has been designated by the General Meeting or the Articles of Association for this purpose). However, certain holders of Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

US holders of Shares may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. The Group intends to evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement, as well as the indirect benefits to it of enabling the exercise of US holders of their pre-emptive rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to

whether to file such a registration statement. The Group cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

## **6. MISCELLANEOUS**

### ***Further information***

Each of:

- this Summary Document;
- the Articles of Association;
- the Prospectus (being the most recent prospectus relating to the Shares);
- the financial and other information published by the Company in accordance with its disclosure obligations pursuant to the Wft and the rules and regulations of NYSE Euronext Amsterdam including, but not limited to:
  - (a) annual reports of the Company, which include audited consolidated annual financial statements and accounting policies (including notes) and auditor's reports;
  - (b) interim financial reports of the Company, which include condensed consolidated interim financial reports (including notes) and auditor's review reports; and
  - (c) press releases relating to unaudited first and third quarter results of the Company; and
- other information about the Company (including all Company press releases),

may be found on the Company's website at [www.deltalloydgroep.com](http://www.deltalloydgroep.com).

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### ***Auditors of the Company***

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