

Delta Lloyd implements alternative for defining market interest rates for long term liabilities valuation

Given the persistent exceptional market conditions, Delta Lloyd Group will adjust its method for defining the market interest rates for valuation of long term liabilities in its largely marked-to-market IFRS balance sheet.

The interim management statement of 2 May 2013 already indicated that Delta Lloyd was considering alternatives for defining the current market interest rates for the valuation of long term liabilities.

Periodically Delta Lloyd evaluates the representativeness of the applied curve. Delta Lloyd's analyses have shown that the long end of the Collateralised AAA curve¹, as used under IFRS comprises a very limited number of constituents. In practice, for longer durations there is currently only one single French bond. Following the outcome of the most recent periodic analyses and the undesired dependence of a single French Bond, Delta Lloyd has decided to adjust the definition of market interest rates for the valuation of long term liabilities.

Adjustment of Collateralised AAA curve

The decision concerns an adjustment of the extrapolating method of the Collateralised AAA curve as used for IFRS purposes, by using an Ultimate Forward Rate (UFR), with the one-year forward rates for durations upwards from 20 years converging to a UFR of 4.2% in a period of 40 years.

This adjustment to the extrapolating method of the Collateralised AAA curve is in accordance with the adjustments to the ECB AAA curve for defining the regulatory (IGD) solvency as introduced by De Nederlandsche Bank (DNB) last year.

Effect on shareholders' funds

The application of the Collateralised AAA curve with UFR has a positive effect on shareholders' funds and is estimated to lead to a limited increase in the disclosed shareholders' funds of € 2.3 billion at the end of the first quarter 2013. The adjustment in the yield curve will be implemented in the reporting for the first half of 2013.

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¹ The Collateralised AAA curve is the composite curve of the maximum of the DNB swap curve and the yield curve derived from the Collateralised AAA curve of the euro zone

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About Delta Lloyd Group

Delta Lloyd Group is a financial services provider offering life insurance, general insurance, asset management and banking products and services. Delta Lloyd Group's target markets are the Netherlands and Belgium. The Group operates primarily under the brand names of Delta Lloyd, OHRA and ABN AMRO Insurance in the Netherlands, and under the Delta Lloyd brand name in Belgium. Delta Lloyd Group employs 5,286 permanent staff (FTE) of which 3,981 are in the Netherlands, 1,103 in Belgium and 202 in Germany and is listed on NYSE Euronext Amsterdam and Brussels.