

Delta Lloyd: solid commercial performance and strengthened capital position

- **Life: New business (NAPI¹) remains stable at € 101 million**
 - Supporting clients in ongoing shift from defined benefit to defined contribution pension plans
- **General Insurance: Gross Written Premiums (GWP) remain stable at € 434 million**
 - COR² developed positively to 96.6% (Q1 2014: 97.5%)
- **Improvement of IGD group solvency from 183%³ to 208%⁴; supported by successful equity offering and strong capital generation**
- **Shareholders' funds up 25% to € 3.1 billion (year-end 2014: € 2.5 billion), underpinned by equity offering and strong IFRS result**
- **Application for Solvency II Internal Model submitted to Dutch central bank**

Hans van der Noordaa, chairman of the Executive Board: "Today's commercial update illustrates Delta Lloyd's resilience. We are operating in a challenging environment with low interest rates and volatile markets. However, despite the challenging market we remained focused on supporting our customers, resulting in a solid commercial performance in the first three months of this year. Delta Lloyd's approach is driven by our customers' preferences, for example supporting them in an ongoing shift from defined benefit to defined contribution pension plans."

"Our successful equity offering in March was an important step in strengthening our capital position, anticipating the new Solvency II regime. Delta Lloyd continuously looks for ways to optimise our capital structure and strengthen our balance sheet, through our product mix, earnings, asset optimisation and capital market transactions, such as a longevity swap. We are currently sharpening our strategy. Meanwhile, we remain committed to our key priorities for 2015: customer centricity, prudent capital management and improving efficiency."

Key figures

<i>(in millions of euros)</i>	Q1 2015	Q1 2014	Change
Gross written premiums	1,394	1,343	4%

Key figures Q1 2015 compared to year-end 2014

<i>(in millions of euros, unless otherwise stated)</i>	Q1 2015	Year-end 2014	Change
Shareholders' funds after non-controlling interests	3,075	2,468	25%
IGD group solvency	208 ⁴ %	183 ³ %	25pp
Group European embedded value	4,229	4,346	-3%

Key figures per Delta Lloyd ordinary share

<i>(in euros)</i>	Q1 2015
Closing price on 31 March 2015	17.54
Shareholders' funds	14.10
Group European embedded value	19.40

Important developments

Customers

IG&H, a specialised consulting firm, conducts an annual performance survey among independent financial advisors, who are our primary channel in terms of premium income. Delta Lloyd obtained a number one position for the performance towards underwriting agents in general insurance and, once again, was considered best performing pension insurer. All labels (Delta Lloyd, OHRA, ABN AMRO Insurance and Erasmus Life) retained the quality hallmark awarded by Stichting Toetsing Verzekeraars.

Solvency II: submission Internal Model application

We recently submitted the application for the usage of an Internal Model for our insurance entities in the Netherlands and Belgium to the Dutch regulator DNB. The outcome of the application process remains subject to significant uncertainties, including the final interpretations of the Solvency II regulations and the regulatory approval process.

Equity offering raised € 339 million

Delta Lloyd successfully completed an equity offering of ordinary shares on 16 March 2015. The shares were sold at € 17.00 per share (closing price on 16 March: € 17.05) raising a total of € 339 million. The transaction was several times oversubscribed within 2.5 hours.

Legal proceedings with DNB

As disclosed in our press releases of 22 and 23 December 2014, Delta Lloyd asked an independent legal decision of measures taken by the Dutch regulator DNB. Given the legal proceedings, Delta Lloyd will not make any further comments on the case at this time, but expects to be able to update the market during the summer. We maintain a good relationship with our regulators and continue to work with them in a constructive and professional way.

Delta Lloyd Bank Belgium and Delta Lloyd Deutschland

In December 2014 and January 2015, we reached an agreement to sell Delta Lloyd Bank Belgium and Delta Lloyd Deutschland. Both transactions are subject to regulatory approval and are expected to close in the second quarter and the second half of this year, respectively.

Life and General Insurance

Life Insurance			
<i>(in millions of euros)</i>	Q1 2015	Q1 2014	Change
Gross written premiums (excluding Germany)			
- Netherlands	742	699	6%
- Belgium	218	208	5%
Total gross written premiums (excluding Germany)	959	907	6%
NAPI	101	103	-2%
Insurance liabilities own risk ⁵	38,151	30,355	26%

Delta Lloyd's Dutch corporate customers showed a clear preference for our defined contribution pension plans, in particular the hybrid pensions and BeFrank products, our premium pension institution. Delta Lloyd maintained our strong position in the defined contribution market, and was market leading in annual premiums in group life new business with a market share of 45% in 2014. BeFrank remains a leader in the PPI market, with assets under management of approximately € 463 million (year-end 2014 at approximately € 400 million).

New annualised premium income (NAPI) remained stable at € 101 million compared to Q1 2014. Single premiums increased by 28% to € 259 million due to indexations and new participants in existing contracts. The internal rate of return decreased to 6% (year-end 2014: 10%) and the new business margin to 1.0% (year-end 2014: 3.0%). Extensions to existing group contracts⁶ which are recognised in the first quarter with existing tariff rates (new participants and indexations), affected the overall profitability. Based on new contracts (excluding these extensions) the IRR would have been 9% and new business margin 2.6%.

Total Life GWP increased by 6% compared to Q1 2014 to € 959 million, supported by increases in the Netherlands and Belgium. In Belgium Delta Lloyd Life will continue its strategic focus on pension and protection in a multi-channel approach with personal contact supported by online tools for excellent service.

General Insurance

<i>(in millions of euros)</i>	Q1 2015	Q1 2014	Change
Total gross written premiums	434	436	0%

In General Insurance, GWP remained stable during the first three months of the year at € 434 million. The combined ratio (COR) developed positively to 96.6% (Q1 2014: 97.5%), which reflected our strict underwriting discipline, cost savings and our focus on profitability. New business amounted to € 43 million in the first three months (Q1 2014: € 57 million).

Bank and Asset Management

Bank Q1 2015 compared to year-end 2014

<i>(in millions of euros)</i>	Q1 2015	Year-end 2014	Change
Savings (excluding banksparen)			
- Netherlands	1,269	1,320	-4%
- Belgium	3,890	3,895	0%
Total savings (excluding banksparen)	5,159	5,216	-1%
Banksparen balances	2,136	2,127	0%
Mortgage portfolio			
- Netherlands	13,159	13,136	0%
- Belgium	3,327	3,368	-1%
Total mortgage portfolio	16,486	16,504	0%

Bank Q1 2015 compared to Q1 2014

<i>(in millions of euros)</i>	Q1 2015	Q1 2014	Change
Mortgage origination			
- Netherlands	258	320	-19%
- Belgium	103	60	71%
Total mortgage origination	361	380	-5%

Savings declined by 4% in the Netherlands compared with year-end 2014 and remained stable in Belgium. The strong growth of mortgage origination in the Netherlands at the beginning of 2014 slowed down over the last three quarters. There was a decline in new mortgages of 5% compared to Q1 2014.

In Asset Management there was a net inflow of retail funds and institutional mandates of € 12 million, compared to a net outflow of € 176 million in Q1 2014, due to larger net inflows in retail funds.

Morningstar has named Delta Lloyd 'Best Fund House: Specialist Fixed-Income', for the fourth time in six years. Furthermore, the Delta Lloyd Bond Euro Fund received the Morningstar Award in the 'Best Global Bond Fund' category.

Shareholders' funds and solvency

Shareholders' funds and solvency			
<i>(in millions of euros, unless otherwise stated)</i>	Q1 2015	Year-end 2014	Change
Shareholders' funds			
Shareholders' funds after non-controlling interests	3,075	2,468	25%
- of which 'hard' capital (tangible assets)	2,718	2,109	29%
Solvency			
Regulatory (IGD) group solvency	208 ⁴ %	183 ³ %	25pp
Regulatory (IGD) solvency insurance entities	249 ⁷ %	213%	36pp
Regulatory (IGD) solvency Delta Lloyd Levensverzekering NV	261%	222%	39pp
Common Equity Tier 1 Bank Netherlands	13.5%	13.6%	-0.1pp
Common Equity Tier 1 Bank Belgium	11.5%	11.2%	0.3pp

Shareholders' funds were up 25% to € 3.1 billion, supported mainly by the equity offering of 19.9 million new ordinary shares and a positive IFRS result. The positive IFRS result reflected the net effect of current interest movements in the first quarter, although it was negatively affected by the book loss (€ 158 million) on the sale of Delta Lloyd Deutschland.

In January of this year, the European Central Bank (ECB) announced the long awaited Quantitative Easing (QE) programme and this has affected yields and interest rates. Through QE the ECB is trying to boost the economic recovery in the euro zone by buying government securities and other asset backed securities. Due to the increased demand for these government bonds interest rates decreased substantially in the first quarter, which had a positive effect on our IFRS profit. For insurance companies operating in a low yield environment, the challenges they face include lower reinvestment return on the fixed income portfolio and a lower discount rate used for liabilities, resulting in higher net present values. Delta Lloyd anticipated the prolonged low interest environment by changing the tariff rates and product offering. For more details, see the sensitivity table in the annex to this interim management statement.

IGD group solvency increased 25pp to 208%, compared to 183% at year-end 2014, underpinned by the equity offering in March this year and strong capital generation. Furthermore, we have recalibrated certain assumptions in Q1 2015, including the internal asset management fees for our insurance entities. These recalibrations impacted IGD group solvency (a total effect of -/-7pp). The benefits will now be recognised over the life time of the assets under management.

The common equity Tier 1 ratio of Bank Netherlands and Bank Belgium was stable at 13.5% (year-end 2014: 13.6%) and 11.5% respectively (year-end 2014: 11.2%).

Staff

Number of employees		
<i>(in FTE)</i>	Q1 2015	Year-end 2014
Permanent	4,950	5,030
Temporary	646	655
Total number of employees	5,597	5,684

Delta Lloyd has 4,950 permanent staff (FTE), of which 3,735 are employed in the Netherlands, 524 at Delta Lloyd Life in Belgium, 508 at Delta Lloyd Bank in Belgium and 184 in Germany.

Financial calendar 2015

Date	Event
21 May 2015	Annual General Meeting
25 May 2015	Ex-dividend date final dividend 2014
11 August 2015	Publication half-year results 2015
13 August 2015	Ex-dividend date interim dividend 2015
10 November 2015	Publication third quarter 2015 interim management statement
2 December 2015	Investor day

Conference call for analysts

On 19 May 2015, at 09.30 am (CET), Hans van der Noordaa (Chairman Executive Board) and Emiel Roozen (CFO) will host a conference call for analysts and investors (in English). The number for this call is +31 (20) 531 5871. A live audiocast will also be available at www.deltalloyd.com.

This press release is available at www.deltalloyd.com.

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Important information

- Certain statements contained in this press release that are not historical facts are "forward-looking statements". Forward-looking statements usually use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof. The forward-looking statements in this press release are based on management's beliefs and projections and on information currently available to them. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Delta Lloyd's control and all of which are based on management's current beliefs and expectations about future events.
- Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Delta Lloyd undertakes no duty to and will not update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Delta Lloyd and its subsidiaries. Such risks, uncertainties and other important factors include, among others: (i) changes in the financial markets and general economic conditions, (ii) changes in competition from local, national and international

companies, new entrants in the market and self-insurance and changes to the competitive landscape in which Delta Lloyd operates, (iii) the adoption of new, or changes to existing, laws and regulations such as Solvency II, (iv) catastrophes and terrorist-related events, (v) default by third parties owing money, securities or other assets on their financial obligations, (vi) equity market losses, (vii) long- and/or short-term interest rate volatility, (viii) illiquidity of certain investment assets, (ix) flaws in underwriting assumptions, pricing and/or claims reserves, (x) the termination of or changes to relationships with principal intermediaries or partnerships, (xi) the unavailability and unaffordability of reinsurance, (xii) flaws in Delta Lloyd's underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd's credit ratings, and (xiv) the outcome of pending, threatened or future litigation or investigations.

- Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd's actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected or other words of similar meaning and similar expressions or the negatives thereof.
- Please see the Annual Report for the year-ended 31 December 2014 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd's businesses.

About Delta Lloyd NV

Delta Lloyd has been a trusted partner for insurance, pensions, investing and banking since 1807. It is our goal to offer financial security, now and in the future. We deliver clear, reliable and contemporary products and services that meet our customers' needs and create value for them, our shareholders and our employees. Our primary markets are the Netherlands and Belgium. In the Netherlands, we operate under the Delta Lloyd, OHRA and ABN AMRO Verzekeringen brands, while in Belgium we use the Delta Lloyd brand. We employ 4,950 (FTE) permanent staff, of which 3,735 in the Netherlands, 1,031 in Belgium and 184 in Germany. In 2014, we achieved a premium income of € 3.9 billion and a net operational result of € 377 million. Our shareholders' funds amount to € 3.1 billion and we manage investments worth € 85 billion. Delta Lloyd is listed on Euronext Amsterdam and Brussels, and included in the DJSI World, DJSI Europe, AEX- and Bel-20 indices.

ANNEX

Sensitivities for IGD group solvency ratio						
	Q1 2015			Year-end 2014		
DNB Swap interest rate (10-year point)			0.56%			0.82%
(in millions of euros, unless otherwise stated)	Available capital effect	Required capital effect	IGD ratio effect	Available capital effect	Required capital effect	IGD ratio effect
Interest rate risk						
+ 25 bps	-143	-31	-4%	-74	-27	-1%
- 25 bps	154	33	4%	84	28	1%
Credit risk						
+ 50 bps	-416		-19%	-296		-13%
- 50 bps	453		21%	317		14%
Equity risk						
+ 10%	71		3%	74		3%
- 10%	-66		-3%	-64		-3%
Property risk						
+ 10%	135		6%	135		6%
- 10%	-135		-6%	-135		-6%
Funding risk						
+ 50bps	-53		-2%	-49		-2%
- 50bps	56		3%	51		2%

Due to the relatively low interest rate levels at Q1 2015, the underlying value of the credit portfolio increased, which has led to a higher sensitivity of spread changes in the same assets, compared to year-end 2014.

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

² Combined ratio, excluding terminated and run-off activities and market interest movements

³ Including the effect of 10pp of the sale Delta Lloyd Bank Belgium

⁴ Including the effect of 10pp of the sale of Delta Lloyd Bank Belgium and 1pp of the sale of Delta Lloyd Deutschland

⁵ End of quarter, excluding Delta Lloyd Bank Belgium and Delta Lloyd Deutschland

⁶ The contractual terms for group pension plans are up to five years

⁷ Excluding Delta Lloyd Deutschland