Taking action to deliver value

Q3 2016 results and strategy update

16 November 2016

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Taking action to deliver value

Solvency II SF ratio

165%[1]

(pro forma)

Q3 2016: **156%**
Q2 2016: **173%**

Solvency II Life VNB[2]

€27m

Solvency II NBM[3]: **1.7%**

- Capital and cash position well placed within target range, despite market headwinds
- Taking action on life pricing, cost reduction and product design

GI Combined Ratio

99.0%[4]

(before exceptional weather impact)

9M 2016: **103.1%**
H1 2016: **105.9%**

Operational expenses[5]

€447m

9M 2015: **€465m**

- Taking action on pricing and exiting unprofitable segments
- Expense reduction on track, revising down target

1. This figure includes the benefit of closing an unwanted duration gap at Delta Lloyd Leven (4pp) during October and the announced merger of our Belgian and Dutch Life activities (c.5pp), expected to close early 2017; 2. Value of New Business, before capital strain; 3. New Business Margin; 4. Excluding impact exceptional weather in June (4.1% points); 5. Excluding Delta Lloyd Bank Belgium and Delta Lloyd Deutschland

Opportunities in evolving mature home markets

	Our strengths	Our opportunities
Commercial Strength	✓ Diversified composite insurer across Life, General Insurance and Asset Management ✓ Strong network of IFAs and track record of pension expertise ✓ Excelling in fulfilling customer needs and #1 IFA satisfaction[1]	✓ Leader in DC pensions ✓ Launch of APF in c.€60bn market (phase 1)
Operational Strength	✓ Strong multi-channel, multi-label distribution platform with 4.2 million customers ✓ Leveraging technology and brands to further improve distribution and efficiency ✓ Consistent track record in cost management	✓ Focus on profitable businesses Group Life and Protection ✓ Decisive action in GI ✓ Further cost reduction

Leveraging customer centricity, distribution and technology closer to the customer

1. *Source: IG&H consultants (July 2016)*

Progress on management priorities

Capital

- Good progress on capital plan, Solvency II ratio well placed within target range
- Merger of Belgium and Dutch Life entities
- PIM implementation on track
- Strong cash buffer at Holding

Performance

- Underlying net capital generation satisfactory
- Taking action to structurally improve GI and Life technical margins
- On track for 2016 cost target of €610m; 2018 cost target revised down to €530m vs. €560m
- Improved strategic asset allocation plan in implementation

Customers

- #1 Group Life IFA satisfaction survey[1], upward trend NPS scores OHRA and retail customers
- 65% of target customers at OHRA actively use online portal; 30% at Delta Lloyd
- APF license expected this year
- Sustainable business conduct underpinned by DJSI index inclusion for 3rd year running

1. *Source: IG&H consultants (July 2016)*

Taking action on insurance margins

Life	General Insurance

Life

- Further cost reduction
- DC portfolio growth
- Strengthened pricing and fee structures
- Implementation of ‘open’ and ‘service’ book organisation
- Introduction of more capital efficient products
- Merger of Belgium and Dutch life entities

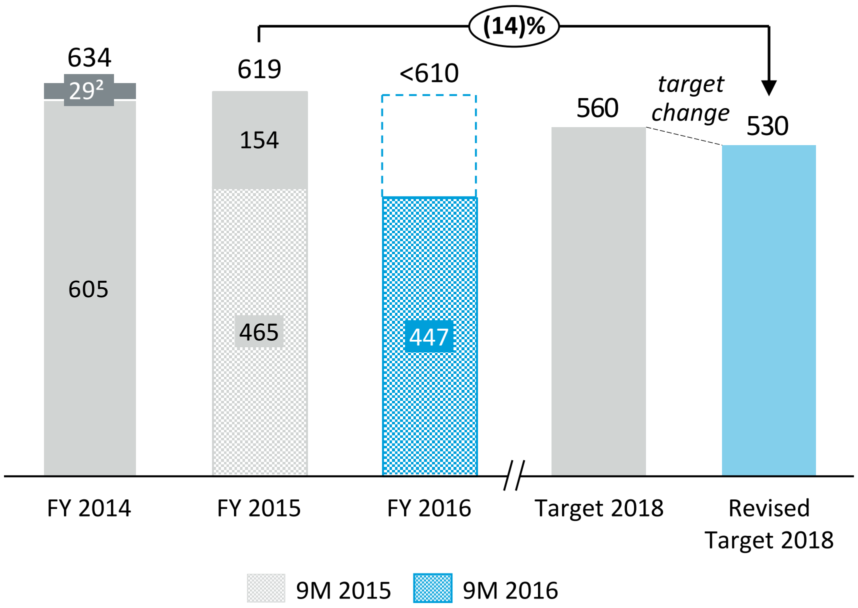
General Insurance

- Underwriting and pricing actions in motor (Garage)
- Exiting unprofitable lines (Xclusief, agriculture authorised agents)
- Run-off non-core inwards reinsurance
- Managing authorised agents for value
- Focus on direct: 65% of target customers at OHRA use online portal
- Partnership with Voogd & Voogd on track for implementation in January 2017

Cost target revised down to €530m in 2018

- Ongoing cost reduction critical to improve competitive position and support profitability
- Extensive review of cost base completed
- Target to reduce operational expenses revised down to €530m by 2018 (vs. €560m)
- Reduction from key business areas:
  - *streamlining of IT organisation*
  - *announced actions in Life and GI*
  - *reductions in corporate staff functions*
  - *discipline in project spend*

Operational expenses[1] (€m)



1. *Restated for sale of Delta Lloyd Bank Belgium and Delta Lloyd Deutschland*
2. *Extraordinary pension benefit (negative past service expenses of € (29)m in 2014)*

Winning in the new pension market

Customers

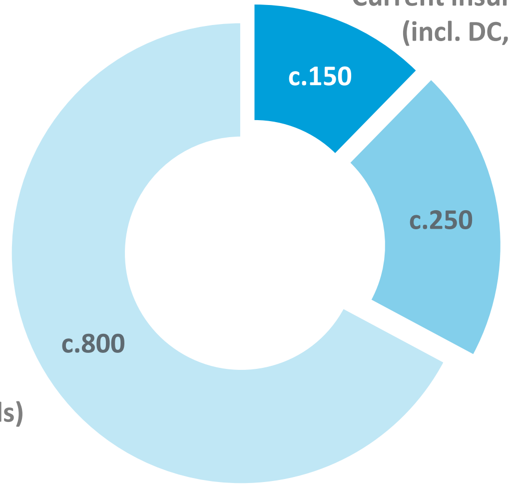
DC

- Targeting > €15bn of unit linked AuM by 2020
- Driven by service quality, innovative products, strong sales team and successful migration from DB to DC/PPI

APF

- License expected this year
- Pipeline of several billion AUM
- Targeting over €10bn of AUM 2020

Growth potential for APF market (AUM in €bn)



Source: DNB and internal data (2014)

Good progress on capital and cash

Capital

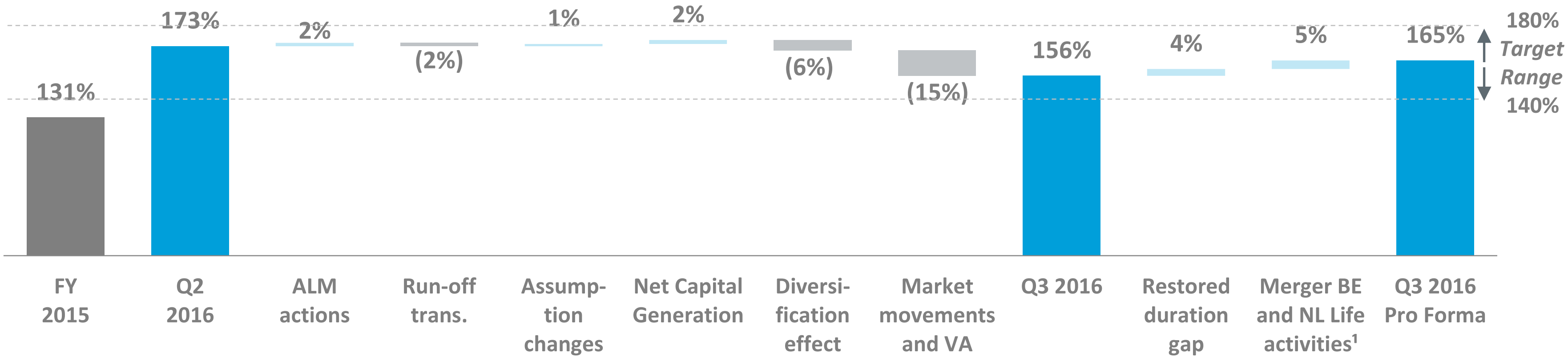
	Current status		Ongoing initiatives
Solvency ratio	• Delivering on capital plan • Solvency ratio well placed within target range	**165%[1]** Q3 2016: **156%** Target Range of 140-180%	• Improve capital quality and resilience • PIM implementation by 2018 • ALM actions
Net capital generation	• Ongoing cost reduction • Taking action on technical margins • Headwinds from derisking and low rates	**€149m[2]** Target of €200-250m p.a. over time	• Strategic asset allocation • Further expense reduction • Further action on insurance margins
Cash	• Holding company cash structurally improved • Strong remittances in H1	**€500m** vs. €(319)m at FY 2015	• Maintain appropriate cash buffer • Deleverage in medium term

1. *Standard Formula solvency ratio at Q3 2016. This figure includes the benefit of closing an unwanted duration gap at Delta Lloyd Leven (4pp) during October and the announced merger of our Belgian and Dutch Life activities (c.5pp), expected to close early 2017. SF Solvency ratio is subject to ongoing volatile market conditions as well as regulatory, modelling and assumption developments*
2. *Capital generation for 9M 2016 before net exceptional weather impact of € 30m, reflecting year start assumptions for excess spread and UFR drag*

Pro forma solvency ratio well placed in target range

Capital

Solvency II SF Q3 ratio development



Actions taken	Risks	Opportunities
• Merger of Belgium and Netherlands life entities[1] • ALM actions • Own pension fund restructuring	• Longevity hedge restructuring • Regulatory, modelling and assumption developments (including longevity) • EIOPA decision on UFR (delayed to 2017)	• Ongoing cost reduction • Amstelhuys interco loans repayment • PIM implementation in 2018

1. *To be completed early 2017*

PIM implementation on track

- Rebuilt calibrations reflecting industry practice and feedback from regulator
- Completing dry run on 2015 basis
- Plan to submit application for regulatory approval in July 2017
- On track for implementation as of 1 January 2018
- Expect SCR benefits from risk diversification, credit and longevity risk effects
- Subject to review of regulator and IMAP approval

Programme timetable

Continuous DNB engagement

H1 2016	✓ SII PIM program reinitiated ✓ External advisor review ✓ Address regulatory feedback
H2 2016	✓ Model developed and documented ✓ Critical areas remediated ✓ 2015 basis dry run
H1 2017	• Reporting dry runs • Independent verification of results • Board sign-off
H2 2017	• Application to regulator in July • Approval expected in December
Feb-2018	• Announce results

Net capital generation, headwinds and actions

Capital

- Management committed to target run-rate of net capital generation €200 – 250m over time[1,2]
- Underlying capital generation satisfactory at €149m, reflecting year start assumptions for excess spread and UFR drag
- Actions taken this year:
  - *GI underwriting and portfolio actions*
  - *cost reduction on track with raised ambition*
  - *increased mortgage allocation*
- Headwinds expected to materialise before actions

	Capital generation impacts	(€m)	
Headwinds *(FY 2015 vs. Q3 2016)*	Lower interest rates impact on UFR drag net of risk margin	(40)	c.(80)
	Asset de-risking	(30)	
	Credit spread, including mortgages	(10)	
Management actions	Lower financing cost through refinancing	15	65 – 80
	Improved strategic asset allocation	20 – 30	
	Additional expense reductions (excl. Life)	20	
	Improved technical margins for GI and Life	10 – 15	

1. *Illustrative contributions of how Delta Lloyd could achieve target*
2. *Before costs and benefits of ALM actions and benefit of use of proceeds, before market volatility and non-operational variances, net of tax and minority interest*

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Targeted total cash dividend

- Interim dividend paid of €46m
- Committed to total cash dividend of €130m for FY 2016
- Final dividend to be determined early next year based on capital and performance, market and regulatory developments, at that time
- Comfortable with high capital generation payout ratio for time being
- Dividend policy beyond 2016 to reflect 2016 base year

Update on unsolicited NN proposal

- Unsolicited and conditional proposal from NN Group received on 2 October regarding a possible cash offer for Delta Lloyd at a price of €5.30 per ordinary share, announced on 5 October
- Delta Lloyd rejected NN Group’s proposal on 7 October, but sees merit in domestic consolidation
- Delta Lloyd occupies a unique position and is a key strategic asset in the Dutch insurance sector
- Consistent with fiduciary duties, Boards of Delta Lloyd not opposed to a transaction that would create compelling value for shareholders and deliver benefits to other stakeholders
- A number of discussions took place with senior representatives of NN Group, particularly around benefits of consolidation. Such interactions are ongoing
- Financial terms and conditions set out in NN Group’s proposal substantially undervalue Delta Lloyd, its prospects and strategic opportunities
- NN Group’s proposal fails to reflect an appropriate share of the substantial benefits of Dutch consolidation, including cost savings and capital benefits

Estimated cost savings of around €200m

- Cost savings through
  - *economies of scale*
  - *elimination of duplication in central costs*
  - *efficiencies in overlapping business segments*
- Additional opportunities from eliminating duplication in project spend in non operational expenses
- Cost savings on top of standalone cost savings announced

	H1 2016 operational expenses		
	Reported	**Annualised**	**Synergies**
GI	71	142	Medium
Life Netherlands	64	129	Medium
Life Belgium	35	69	Low
Bank	25	50	High
Asset Management	23	45	High
Central Costs	31	62	High
ABN AMRO Insurance, Health and Other	50	100	Very low
Total operational expenses	**299**	**597**	**c.200 / 33%**
Average in-market transactions			**37%[1]**

1. *Based on the average of target cost savings in precedent in-market insurance transactions (including Dutch transactions) with cost savings disclosure at the time of announcement. Excludes announced upward revisions. Transactions include : Aviva / Friends Life, Just Retirement / Partnership, Great West / Irish Life, XL / Catlin, Ace / Chubb, SNS Reaal / AXA NL, SNS Reaal / Zurich NL and SNS Reaal / Zwitserleven.*

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Substantial capital benefits expected

Solvency	Diversification benefits and PIM	• Diversification benefits from enhanced scale, differences in asset mix and risk factors • Accelerate usage of Partial Internal Model
Solvency	Non eligible capital	• Recapture non eligible capital at Q3 and going forward
Solvency	LAC-DT and unrecognized DTA	• Tax related benefits from greater recognition of LAC-DT and DTA
Capital generation	Financing and reinsurance costs	• Reduced financing costs reflecting deleveraging and improved financial strength • Reduced reinsurance costs through higher retentions reflecting greater scale and diversification
Capital generation	Re-risking	• Opportunity to deliver improved risk adjusted returns from re-risking investments

Taking action to deliver value

Strong and stable franchise	Executing management priorities, improving performance	Growth closer to the customer

On track to deliver on promises over time

Target range of €200-250m net capital generation over time

Targeted €130m dividend for 2016

Not opposed to a transaction creating compelling value for shareholders and other stakeholders

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www.deltalloyd.com
ir@deltalloyd.nl
+31 20 594 9693

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