Interim financial report 2012

delta lloyd

Table of contents

1. Report of the Executive Board

1.1. Developments during the first half year

In a turbulent market environment filled with uncertainties about the global economy and, above all, the stability within the eurozone, Delta Lloyd Group achieved resilient results on its business objectives in the first half year. As part of this, however, loss-making underwriting in the international marine business was terminated.

The consistent pursuit of our strategy, with both a focus on organisational simplification and cost savings and an external focus on dynamic risk-return management of the market environment, reinforces Delta Lloyd Group's long-term position. This, in turn, serves to bolster Delta Lloyd Group's status as a reliable partner for all its stakeholders. It enables Delta Lloyd Group to consolidate its financial strength and safeguard the interests of its customers, also in the longer term.

In view of the volatile situation in the eurozone, Delta Lloyd Group opted to reduce its risk profile in the past six months. Further information about the risk management of Delta Lloyd Group can be found in section 2.7 of this interim report.

Delta Lloyd Group was able to reinforce its market position thanks to the fact that both its Life and General Insurance businesses were able to buck the trend and grow their premium income. Delta Lloyd Group's strong and diversified multiple distribution channels played a large part in this success. General Insurance particularly benefited from the inflow from the expanded ABN AMRO network via ABN AMRO Verzekeringen. In the first half of 2012, 52,000 insurance policies were transferred to ABN AMRO Verzekeringen. In the pension market Delta Lloyd Group strengthened its position amidst difficult market conditions by closing three large pension contracts with total single premium of € 415 million and by capturing a substantial slice of the defined contribution market via the BeFrank joint venture, our just one-year-old Premium Pension Institution. In the first half year, Delta Lloyd Group grew its premium income by 3% to € 3.1 billion. Furthermore, 'banksparen' continued to forge ahead.

Result

Due to presentation and calculation changes, the relevant half-year 2011 comparative figures have been restated; more detailed information about this is included in section 2.8. of this interim report.

The operational result came at € 218 million, 4% lower than the € 227 million posted in the first half of 2011. This was based on the fact that the normalised investment return (LTIR) in the operational result decreased due to lower average shareholders' funds and lower interest rates. Against this, the technical result, notably of the Life entities, was higher. Due to an adjusted asset allocation, since 1 January 2012 the LTIR includes an excess return of 80 basis points above the 10-year collateralised AAA curve as return on the mortgage portfolio of insurance activities. The operational result 2011 is restated accordingly.

The Group's regulatory solvency increased in the first half of 2012 to 194% (year-end 2011: 174%), well above the target range of 160%-175%. Based on these results, the interim dividend is € 0.42 per ordinary share (half-year 2011: € 0.42).

The volatility of the financial markets was reflected in the Group's IFRS result, which suffered a strong negative impact from movements in the yield curve. Combined with the largely marked-to-market balance sheet, this led in the first half to an IFRS result after tax and non-controlling interests of € -942 million, versus € -342 million a year earlier. This was mainly attributable to the effect of the sharp decline of the Collateralised AAA curve on the value of the liabilities, which was only partly compensated by an increase in value of the assets. This led to higher provisions for life insurance with a negative effect on the IFRS result before tax.

The above again underlines the volatility of results under IFRS in which interest rate and valuation effects play a major role. As stated previously, Delta Lloyd Group considers the operational result to be a more relevant measure of its performance. This is also the reason for basing the dividend on the operational result after tax and non-controlling interests, subject to a minimum solvency of 160-175%.

At the General Insurance business, management actions initiated in the second half of last year led to an improvement in the Combined Ratio (COR). The COR at 30 June improved to 98.2%, substantially better than the 100.9%[1] a year earlier and almost at the target of 98% across the cycle. The implemented measures included a more stringent underwriting policy, premium increases wherever possible and the termination of loss-making contracts. These management actions had a positive effect on the COR.

The decision to terminate the loss-making underwriting in the international marine business was prompted by the fact that, according to Delta Lloyd Group, the losses had reached too high a level, as is reflected in the negative IFRS result of the General Insurance segment for the reporting period.

Strategic developments

Aviva's sale on 6 July 2012 of a further 37.2 million ordinary shares Delta Lloyd marked an important step on the road towards Delta Lloyd gaining full independent status which started in 2009. Even after Aviva raised its offering from 25 to over 37 million shares, the sale was almost four times oversubscribed, a clear signal of the market's appreciation for Delta Lloyd. The transaction increases the free float to 80%. As Aviva now owns less than 20% of ordinary shares Delta Lloyd, Delta Lloyd can reduce its reporting requirements to Aviva agreed at the time of the 2009 IPO and Aviva's enhanced right to nominate members to the Delta Lloyd Supervisory Board from two members to one.

Distribution strength was enhanced in the first half year with the takeover, as announced on 12 April 2012, of the intermediary activities for commercial SME insurance from ABN AMRO Bank. The transfer of the activities was effected on 1 July 2012. The costs of this new acquisition are not included in the current operating expenses target.

[1] As a result of the terminated underwriting of international marine business and the exclusion of the interest effect on the Income portfolio, the Combined Ratio for half-year 2011 has been restated to 100.9% from 102.4% reported earlier.

The proposed sale of Delta Lloyd Germany still awaits final approval from the German supervisor BaFin. Delta Lloyd Group is confident that the proposed transfer of all assets and liabilities from Delta Lloyd Lebensversicherung and the sale of all shares in other German subsidiaries to Nomura remains possible, though the situation in the financial markets must improve first. Approval from the relevant regulator is expected in the second half of 2012.

Equity and solvency

Shareholders' funds on largely the marked-to-market balance sheet of Delta Lloyd Group decreased as at 30 June 2012 to € 2.9 billion or € 16.65 per ordinary share (year-end 2011: € 3.9 billion). The decrease compared to the end of 2011 is mainly attributable to the effect of the decline of the Collateralised AAA curve on the value of the liabilities (€ 2.4 billion), which was only partly compensated by an increase in value of assets. At the 10-year point, the Collateralised AAA curve has decreased 114 basis points while the ECB AAA curve has dropped 34 basis points. In the first half year, the lower Collateralised AAA curve led to higher insurance liabilities and hence to lower shareholders' funds. The insurance liabilities would work out substantially lower – and shareholders' funds substantially higher – if calculated on the applied tariff rates.

Even so, the capital position of Delta Lloyd Group remains of a high quality with a high share of 'tangible' capital (shareholders' funds excluding, inter alia, goodwill and acquired value of in-force) of 85%. The strong capital position also finds expression in the regulatory (IGD) solvency at group level which, notwithstanding the final dividend 2011 payment in June 2012 (€ 76 million), increased to 194% as at half-year 2012 (year-end 2011: 174%). This increase resulted in part from the mandatory use of the ultimate forward rate (UFR) imposed by DNB (Dutch Central Bank) for durations longer than twenty years. The effect of this on IGD Solvency at the end of the first quarter 2012 was estimated at 15% positive. The average regulatory solvency for the insurance activities rose to 234% (year-end 2011: 206%). The BIS ratio of the banking operations increased to 13.8% (year-end 2011: 12.1 %), due to a reinforcement of the shareholders' funds by Delta Lloyd Group. The exposure to sovereign and sub-sovereign bonds on the higher-risk countries within the Eurozone has been largely wound down, with only € 71 million remaining at 30 June 2012 (year-end 2011: € 178 million).

Commercial

The first half year went well for Delta Lloyd Group in commercial terms. Gross written premiums advanced in a difficult market by 3% to € 3,091 million (half-year 2011: € 3,015 million).

Premium income of Delta Lloyd Group on the Dutch Life market stabilised compared to the record year of 2011 at € 1,558 million (half-year 2011: € 1,567 million), a good performance, particularly in the current market conditions. We did see a shift from regular premiums to single premiums, so that total life new business expressed in NAPI decreased to € 227 million or -5% compared to a year earlier. In the first half of 2012, three large pension contracts were signed. These contracts fetched a total single premium of € 415 million. Life gross written premiums in Belgium increased 12% to € 463 million (half-year 2011: € 413 million).

With an IRR of over 9%, the profitability of the life new business remained at the desired level.

In the first half of 2012 General Insurance business showed an increase in gross written premiums of 8% to € 939 million (half-year 2011: € 872 million). ABN AMRO Verzekeringen, in particular, benefited from strong marketing efforts and the transfer to it of 52,000 policies. Improved pricing of many products also contributed to the higher premium income. Thanks to this better pricing alongside the other management actions described above, the COR as at 30 June improved to 98.2%, substantially better than the 100.9% a year earlier and almost at the target of 98% across the cycle.

Delta Lloyd Bank reduced the interest rates on savings in the course of the first half year in order to improve margins. This led to an outflow of € 315 million of savings compared to year-end 2011. The total amount of savings at 30 June 2012 was € 6,059 million, 15% more than a year earlier (€ 5,277 million). The demand for tax-efficient 'banksparen' products as an alternative to individual life products continued to grow sharply. In the first half of 2012 the 'banksparen' balances expanded compared to year-end 2011 by € 412 million to a total of € 1,639 million. Compared to a year ago (€ 933 million), the increase was 76%.

The mortgage market in Belgium and the Netherlands is suffering sharp contraction due to the economic uncertainty and its impact on the housing market. New mortgages declined to € 462 million, significantly lower than the € 1,253 million achieved in the first half of 2011. The quality of the portfolio remained excellent, with extremely low arrears.

There was a small positive net inflow at Asset Management of € 23 million[2] (first half of 2011: € 242 million[3]) due to an inflow in fixed-income retail investment funds and the outflow of some large mandates.

Sustainability and community involvement

Sustainable entrepreneurship constitutes an integral part of the business strategy. The five sustainability priorities of Delta Lloyd Group are: customer interest, integrity, good employment practices, community involvement and the environment.

Customer interest is included in the KPIs for the variable remuneration of all directors and managers. Putting customer interest first means that Delta Lloyd Group offers its customers security by responding to their needs, delivering a high quality of service, keeping commitments and offering a good complaints procedure. In addition, products have been closely reviewed to assess their added value for the customer. The criteria were: cost-efficient, useful, safe and understandable. Early in 2012 Delta Lloyd Group decided to pay the compensation for individual unit-linked insurance customers directly into their policies with effect from 31 December 2012. Delta Lloyd Group was the first insurer to reach a unit-linked insurance compensation agreement with consumer organisations and has been the first to implement the agreement in full. For the third consecutive year, all our customers received timely information on the consequences of the arrangement. This additional step comes in response to the extra best practice measures recommended by the Minister of Finance. Delta Lloyd Group is now in compliance with all recommended extra best practice measures.

[2] Amended for an asset re-allocation from fixed income to mortgage investments of € 207 million from Delta Lloyd Asset Management to Delta Lloyd Bank (half-year 2011: € 348 million).

[3] Excluding buyback of Arena (approx. € 400 million) which is corrected in full-year 2011 figures.

As part of our commitment to good employment practices, the New World of Work is being introduced under the name STERK WERK. The new premises in Amsterdam that Delta Lloyd Bank moved into in May already meet all the needs and requirements of the STERK WERK concept; other business divisions are now also changing over to this concept. In the spring, further agreement was reached on a new 2-year CAO (Collective Labour Agreement) and social plan. The CAO ranks among the best in the market and includes a scheme under which all employees can buy an iPad on favourable terms. Delta Lloyd Group hopes this will encourage our New World of Work while also reducing the paper consumption.

The Delta Lloyd Group Foundation is dedicated to improving financial self-reliance and financial awareness, mainly among vulnerable groups. In this connection Delta Lloyd initiated BASTA (Bedrijven Amsterdam Samen Tegen Armoede), a joint initiative of Delta Lloyd and other large businesses in Amsterdam, at the start of this year. The aim is to fight poverty in the city and to make people more financially self-reliant.

In May, Delta Lloyd became one of the founding signatories of the UN Principles for Sustainable Insurance (PSI), a set of worldwide commitments for insurers to make sustainability a structural part of their day-to-day practice. Alongside Delta Lloyd Group, 26 other insurers around the world signed the PSI and this number is expected to grow strongly in the coming years.

This year, Delta Lloyd's sustainability report received its first A+ rating from the Global Reporting Initiative (GRI), so that we are now in full compliance with the highest GRI standards.

Cost reductions

Delta Lloyd Group continues to strive for a reduction of its cost level and has defined ambitious cost-saving targets for this purpose. In the first half of 2012, expenses – in line with the target – were 6% lower than in the same period last year. The lower operating expenses stem largely from the ongoing organisational simplification. Thanks to the realised savings, the operating expenses in the first six months of 2012 came to € 399 million (half-year 2011: € 424 million). The operating expenses do not take on board the costs of new acquisitions incurred after the revised cost targets were announced in November 2011.

Composition of Supervisory Board

Mr A.J. (Andrew) Moss resigned from the Supervisory Board on 8 May 2012 . His departure was connected to his resignation as CEO of Aviva plc. Andrew Moss had been a member of the Supervisory Board of Delta Lloyd Group on the nomination of Aviva since 2007. Aviva reduced its shareholding in Delta Lloyd to below 35% at the start of July and therefore no longer has an enhanced right of nomination for Mr Moss's successor.

At the AGM on 23 May 2012, Mr J.M.G. (Jean) Frijns was appointed as a member of the Supervisory Board for a four-year period. In addition, Ms P.G. (Pamela) Boumeester was reappointed as a member of the Supervisory Board for a four-year period.

Employees
The number of employees stabilised compared to the end of 2011; excluding acquisitions the number of employees would have decreased. The number of temporary employees increased somewhat, notably to absorb peak workloads. The total number of permanent and temporary employees amounted as at 30 June 2012 to 5,963 (year-end 2011: 5,946).

1.2. Dividend

Dividend policy
Delta Lloyd Group is aiming for a dividend pay-out ratio on the ordinary shares of around 40% to 45% of the net annual operational result (that is, operational result after tax and non-controlling interests). In setting the annual dividend within the target pay-out ratio, Delta Lloyd Group will take into consideration the anticipated profitability over its three-year management planning period. Delta Lloyd Group aims to have a regulatory solvency ratio in the range of at least 160% to 175% of the minimum regulatory requirement, in order to maintain the dividend policy. Delta Lloyd Group intends to pay an annual interim dividend and final dividend on the ordinary shares.

Dividend payment
Payment in cash and delivery of ordinary shares in respect of the 2011 final dividend of € 0.61 per share took place on 20 June 2012. Around 26.1% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 2,720,954 new ordinary shares were issued as stock dividend and charged to the share premium. The remaining 73.9% of the shareholders took the dividend in cash.

Delta Lloyd remains committed to its dividend objectives and decided on the basis of the operational result after tax and non-controlling interests that an interim dividend of € 0.42 per ordinary share will be paid out. Delta Lloyd has thus decided, while maintaining its dividend policy, to keep the interim dividend unchanged at € 0.42. As its our intention not to provide guidance through the interim dividend, no conclusions about annual dividend may be drawn from the amount of the interim dividend. The 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 shareholders who fail to state a choice.

When setting the exchange ratio for the stock dividend, Delta Lloyd Group will use a fraction of a share based on the weighted average closing share price over a period of five consecutive trading days (to take account of the current market price). Shareholders have until 22 August 2012 to opt to receive the dividend in cash or shares.

The number of shares giving entitlement to one new ordinary share (with a nominal value of € 0.20) will be set after 5.30 p.m. on 22 August 2012, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 16 August 2012 to 22 August 2012. The dividend will become payable on 30 August 2012.

1.3. Outlook for the second half of 2012

The financial markets are going through a period of protracted volatility and fragility, with little prospect of rapid structural improvements. European politicians are struggling to find the right direction towards a solution for the crisis and the financial markets will remain highly volatile as long as this situation continues. This uncertainty is therefore unlikely to recede in the short term.
Delta Lloyd Group has actively anticipated this through its dynamic risk-return management strategy and will continue to do so moving forward.

The group pension market offers scope for growth. Delta Lloyd Group is well-positioned in that market and can thus benefit from a pick-up in market conditions.

Delta Lloyd Group remains committed to its previously announced business management objectives.

1.4. Statement by the Executive Board

The Executive Board is responsible for preparing the interim financial report 2012 in accordance with International Financial Reporting Standards as adopted by the European Union and the European Transparency Directive (2004/109/EC).

The Executive Board hereby declares that, to the best of their knowledge, the interim financial report 2012, prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, financial position and income statement of Delta Lloyd NV and the undertakings included in the consolidation as a whole (collectively Delta Lloyd Group), and includes a fair review of the information required by Section 5:25(d)(8 and 9) of the Financial Supervision Act (Wet op het financieel toezicht).

On 1 August 2012, the Executive Board reviewed and approved the interim financial report 2012 for publication.

Amsterdam, 1 August 2012

Niek Hoek, chairman
Paul Medendorp
Emiel Roozen
Onno Verstegen

2. Condensed consolidated interim financial report for the period ended 30 June 2012

2.1. Consolidated statement of financial position

Consolidated statement of financial position				
In millions of euros		**30 June 2012**	**31 December 2011**	**1 January 2011**
Assets				
Goodwill		330.4	330.4	330.4
AVIF and other intangible assets		140.9	148.2	140.7
Deferred acquisition costs		213.5	200.2	220.1
Property and equipment		158.3	160.6	178.9
Investment property		2,431.8	2,446.9	2,414.2
Associates and joint ventures	2.9.2.	252.7	334.8	375.4
Debt securities	2.9.3.	22,576.8	20,366.2	19,473.7
Equity securities	2.9.3.	4,827.8	4,984.8	5,548.9
Derivatives	2.9.3.	2,812.7	2,436.2	1,149.2
Investments at policyholders' risk	2.9.4.	13,019.8	12,495.6	12,772.7
Loans at fair value through profit or loss	2.9.3.	6,236.5	6,104.6	6,331.5
Loans and receivables at amortised cost	2.9.3.	17,517.3	17,321.8	16,001.6
Reinsurance assets		574.3	561.5	603.4
Plan assets		14.8	19.1	20.4
Inventory of real estate projects	2.9.5.	28.8	42.6	53.0
Receivables and other financial assets		2,713.2	1,984.3	1,597.3
Tax assets		737.8	744.8	85.8
Capitalised interest and prepayments		522.9	609.7	672.1
Cash and cash equivalents	2.5.	2,774.4	3,543.4	1,193.9
Assets held for sale	2.9.10.	27.3	27.3	24.2
Total assets		**77,911.8**	**74,862.9**	**69,187.4**
Capital and reserves				
Share capital		34.7	34.1	33.5
Share premium		355.8	356.4	357.0
Revaluation reserves		522.9	406.0	737.8
Other reserves		-196.2	-90.5	39.8
Equity compensation plan		6.0	5.4	0.9
Treasury shares		-36.4	-37.9	-43.5
Retained earnings		2,173.2	3,191.9	3,501.0
Total capital and reserves attributable to parent		**2,860.0**	**3,865.6**	**4,626.6**
Non-controlling interests		308.8	309.4	334.2
Shareholders' funds		**3,168.8**	**4,175.0**	**4,960.8**
Liabilities				
Insurance liabilities	2.9.6.	42,578.5	39,104.3	35,961.3
Liabilities for investment contracts		4,281.3	4,028.1	3,758.1
Pension obligations	2.9.7.	2,251.1	2,046.2	1,802.8
Provisions for other liabilities	2.9.8.	106.0	136.3	214.7
Tax liabilities		637.7	945.4	472.7
Borrowings	2.9.9.	6,943.3	6,898.6	8,294.0
Derivatives	2.9.3.	2,368.8	1,708.2	1,284.7
Investments at policyholders' risk	2.9.4.	25.3	37.3	-
Financial liabilities		12,109.4	12,062.7	9,047.9
Other liabilities		3,441.7	3,720.9	3,390.5
Total liabilities		**74,743.0**	**70,688.0**	**64,226.7**
Total equity and liabilities		**77,911.8**	**74,862.9**	**69,187.4**

2.2. Consolidated income statement

Consolidated income statement first half year

In millions of euros		2012	2011
Income			
Gross written premiums		3,091.0	3,014.9
Outward reinsurance premiums		-95.5	-98.0
Net written premiums	2.10.1.	**2,995.5**	**2,917.0**
Change in unearned premiums provision		-108.2	-90.6
Net premiums earned		**2,887.3**	**2,826.4**
Investment income		2,617.9	692.9
Share of profit or loss after tax of associates		14.7	28.0
Net investment income	2.10.1.	**2,632.7**	**720.9**
Fee and commission income		113.7	115.3
Other income		6.7	7.7
Total investment and other income		**2,753.0**	**843.8**
Total income		**5,640.2**	**3,670.2**
Expenses			
Net claims and benefits paid*		2,296.7	2,090.3
Change in insurance liabilities		3,606.5	996.7
Expenses relating to the acquisition of insurance, investment and other contracts		323.0	329.9
Finance costs		375.1	444.1
Other operating expenses		319.7	314.6
Total expenses		**6,921.0**	**4,175.6**
Result before tax from continuing operations		**-1,280.8**	**-505.3**
Current tax		-336.1	-164.6
Result after tax from discontinued operations		9.9	13.5
Net result		**-934.8**	**-327.2**
Attributable to:			
Delta Lloyd NV shareholders		-942.5	-341.6
Non-controlling interests		7.7	14.4
Net result		**-934.8**	**-327.2**

*Net claims and benefits paid includes profit sharing and discounts

Earnings per share first half year

In euros	2012	2011
Basic earnings per share from continuing operations	-5.58	-2.04
Basic earnings per share from discontinued operations	0.05	0.06
Basic earnings per share including discontinued operations	**-5.53**	**-1.98**
Diluted earnings per ordinary share from continuing operations	-5.58	-2.04
Diluted earnings per ordinary share from discontinued operations	0.05	0.06
Diluted earnings per ordinary share including discontinued operations	**-5.53**	**-1.98**

Delta Lloyd Group recognised the German activities as ‘held for sale’ in the 2011 interim financial report. According to IFRS 5, this classification is no longer applicable since 31 December 2011. The 2011 half-year figures have been restated accordingly.

2.3. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the first half year		
In millions of euros	**2012**	**2011**
Net result	**-934.8**	**-327.2**
Changes in value of financial instruments available for sale	150.2	-185.3
Transfer of fair value adjustments relating to DPF contracts to provisions	-20.6	10.4
Impairment losses transferred to income statement	94.9	40.0
Reversal of impairment losses transferred to income statement	-0.1	-
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-93.8	-91.1
Fair value adjustments associates	21.2	-8.8
Actuarial gains and losses (pension obligations)	-144.3	13.8
Fair value adjustments property	2.8	-
Aggregate tax effect	11.1	7.5
Total other comprehensive income	**21.5**	**-213.5**
Total comprehensive income	**-913.3**	**-540.7**
Attributable to:		
Delta Lloyd NV shareholders	-931.3	-542.0
Non-controlling interests	18.0	1.2
Total comprehensive income	**-913.3**	**-540.7**

2.4. Consolidated statement of changes in equity

Consolidated statement of changes in equity for the first half year

In millions of euros	Ordinary share capital	Share premium	Revaluation reserves	Other reserves	Equity compensation plan	Treasury shares	Retained earnings	Total capital and reserves attributable to parent 1)	Non-controlling interests	Total equity
At 1 January 2011	33.5	357.0	737.8	39.8	0.9	-43.5	3,495.7	4,621.3	334.2	4,955.5
Change in accounting policy	-	-	-	-	-	-	5.2	5.2	-	5.2
Restated opening balance 2011	**33.5**	**357.0**	**737.8**	**39.8**	**0.9**	**-43.5**	**3,501.0**	**4,626.6**	**334.2**	**4,960.8**
Total other comprehensive income	-	-	-210.4	10.1	-	-	-	-200.2	-13.2	-213.5
Result for the period	-	-	-	-	-	-	-341.6	-341.6	14.4	-327.2
Final dividend payment 2010	0.4	-0.4	-	-	-	-	-70.2	-70.2	-	-70.2
Change indirectly held shares in investment funds at policyholders' risk	-	-	-	-	-	5.6	-	5.6	-	5.6
Change options granted	-	-	-	-	1.1	-	-	1.1	-	1.1
At 30 June 2011	**33.9**	**356.6**	**527.4**	**49.9**	**2.1**	**-37.9**	**3,089.1**	**4,021.2**	**335.4**	**4,356.6**
At 1 January 2012	34.1	356.4	406.0	-90.5	5.4	-37.9	3,191.9	3,865.6	309.4	4,175.0
Total other comprehensive income	-	-	116.9	-105.7	-	-	-	11.2	10.3	21.5
Result for the period	-	-	-	-	-	-	-942.5	-942.5	7.7	-934.8
Final dividend payment 2011	0.5	-0.5	-	-	-	-	-76.2	-76.2	-	-76.2
Non-controlling interests in dividend payment 2012	-	-	-	-	-	-	-	-	-18.6	-18.6
Change treasury shares	-	-	-	-	-	1.2	-	1.2	-	1.2
Change indirectly held shares in investment funds for own risk	-	-	-	-	-	-	-	-	-	-
Change indirectly held shares in investment funds at policyholders' risk	-	-	-	-	-	0.2	-	0.2	-	0.2
Change options granted	-	-	-	-	0.5	-	-	0.5	-	0.5
At 30 June 2012	**34.7**	**355.8**	**522.9**	**-196.2**	**6.0**	**-36.4**	**2,173.2**	**2,860.1**	**308.8**	**3,168.9**

1) Attributable to Delta Lloyd NV shareholders

Total other comprehensive income relates to the equity allocation of the items specified in section 2.3.

Payment in cash and delivery of ordinary shares in respect of the 2011 final dividend of € 0.61 per ordinary share took place on 20 June 2012. Around 26.1% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 2,720,954 new ordinary shares were issued as stock dividend and charged to the share premium (€ 0.5 million). The remaining 73.9% of the shareholders took the dividend in cash (€ 76.2 million).

Treasury shares relate to shares held both directly and indirectly. Directly-held shares were acquired as part of a share repurchase programme which has the sole purpose of meeting obligations under the equity compensation plans (both old and new plans) for management. In this context 1,650,000 shares were repurchased in 2010 at an average purchase price of € 14.12. In total 87,465 shares (€ 1.2 million) have been delivered under the equity compensation plan. In 2012, the movement in treasury shares held indirectly through investment funds was 12,536 shares, amounting to € 0.2 million. Treasury shares held indirectly, either for own risk or at policyholders' risk, totalled 897,681 at

30 June 2012 (year-end 2011: 910,217), with an average purchase price of € 16.00 (year-end 2011: € 16.00).

The equity compensation plan refers to the Performance Share Plan and the Variable Incentive Plan for the Executive Board, directors and managers in control functions and functions impacting the risk profile. The € 0.5 million movement in options granted under the equity compensation plan consists of a settlement of € 1.2 million and € 1.7 million in grants of new options.

The accounting policies and notes (identified numerically) are an integral part of these financial statements.

2.5. Consolidated cash flow statement

Condensed consolidated cash flow statement for the first half year

In millions of euros	2012	2011
Net cash flow from operating activities	-568.7	-1,183.8
Net cash flow from investing activities	-10.5	-5.2
Net cash flow from financing activities	-186.4	1,157.5
Net (decrease)/increase in cash and cash equivalents	**-765.6**	**-31.5**
Cash and cash equivalents at beginning of year	3,543.4	1,197.7
Total cash and cash equivalents at 30 June	**2,777.8**	**1,166.2**
Cash and cash equivalents consolidated balance sheet	2,774.4	1,047.4
Cash and cash equivalents at policyholder's risk	3.4	1.0
Cash and cash equivalents of operations held for sale	-	117.8
Total cash and cash equivalents at 30 June	**2,777.8**	**1,166.2**

2.6. Summary of accounting policies and basis of consolidation

Delta Lloyd NV is a public limited liability company (‘naamloze vennootschap’) incorporated and established in the Netherlands. The company’s registered address is Amstelplein 6, 1096 BC Amsterdam. Together with its subsidiaries (collectively, ‘Delta Lloyd Group’) it provides life and pension insurance, long-term savings products, most classes of general insurance, banking activities and asset management. The activities are carried out through subsidiaries and associates in the Netherlands, Belgium and Germany.

Until 3 November 2009, Aviva plc, with its head office in London, was the indirect holder of Delta Lloyd NV’s entire ordinary share capital. On 3 November 2009 (after exercise of the greenshoe option) 41.1% of the share capital was issued to third parties in a public offering. After reallocation of 25 million ordinary shares by Aviva plc on 6 May 2011 and a number of small increases in the number of ordinary shares in issue as a result of stock dividends granted, Aviva plc’s indirect interest in Delta Lloyd NV at 30 June 2012 was 41.3% of the ordinary share capital and 38.7% of the total ordinary and preference shares. Fonds NutsOhra holds the entire preference share capital A and, therefore, 7.0% of the voting rights in the General Meeting of Shareholders.

On 6 July 2012, Aviva's stake in Delta Lloyd fell to just below 20% of the issued ordinary share capital following the sale of over 37 million ordinary shares to various institutional investors.

2.6.1. Accounting policies

Delta Lloyd Group's condensed consolidated interim financial report for the period ending 30 June 2012 have been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The condensed consolidated interim financial report does not include all of the information required for full financial statements and should therefore be read in conjunction with the 2011 financial statements of Delta Lloyd Group. The condensed consolidated interim financial report is unaudited but has been reviewed by the auditor.

All accounting policies and methods of computation applied to the condensed consolidated interim financial report for the period ended 30 June 2012 are the same as those applied in the 2011 consolidated financial statements of Delta Lloyd Group (see http://verslag.deltalloydgroep.com/), except for the amended IFRS standards referred to below which have applied in the European Union since 1 January 2012 or which Delta Lloyd Group has chosen to adopt early.

All amounts are in millions of euros unless stated otherwise. Calculations in the tables are made using unrounded figures; as a result, rounding differences can occur.

Change in accounting policy due to amendment to IAS 19 Employee Benefits (mandatory from 1 January 2013)
On 5 June 2012, the European Union adopted the amendment to IAS 19. Delta Lloyd Group has decided to adopt this amendment early from 1 January 2012. The main changes are:
- The shift of the actuarial gains and losses from the income statement to the statement of other comprehensive income;
- With this change in accounting policy, past service pension costs are recognised in the income statement immediately as they occur;
- The expected return on reimbursement rights is determined using the Corporate AA curve; and
- The expected return on reimbursement rights forms part of interest expense on pension obligations and this interest expense is recognised in finance costs rather than operating expenses.

This amendment also requires more extensive disclosure of the risks and characteristics of defined benefit plans. The impact of this change in accounting policy is as follows:

Restatement of comparative figures in the statement of financial position 31 December 2011

In millions of euros	Before adjustments	Change in accounting policy IAS 19	After adjustments
Statement of financial postion			
Plan assets	18.3	0.8	19.1
Total assets		0.8	
Shareholders' funds	4,169.8	5.2	4,175.0
Pension obligations	2,052.3	-6.2	2,046.2
Tax liabilities	943.6	1.8	945.4
Total equity and liabilities		0.8	

Restatement of comparative figures in the income statement first half year 2011

In millions of euros	Before adjustments	Change in accounting policy IAS 19	After adjustments
Income statement			
Finance costs	399.5	44.6	444.1
Other operating expenses	344.9	-30.3	314.6
Current tax	-160.8	-3.8	-164.6
Net result	337.7	-10.5	327.2

Amended IFRS standards applied from 1 January 2012 by Delta Lloyd Group are:

Amendment to IAS 12 Deferred tax: Recovery of Underlying Assets (mandatory from 1 January 2012)
This amendment is a practical approach to the measurement of deferred tax assets and liabilities if an investment property is measured using the fair value model in IAS 40 Investment Property. Under IAS 12, measurement of deferred tax assets and liabilities depends on whether an entity expects to recover the carrying value of an asset through use or sale. The current assumption is that all investment properties are fully recovered through sale, provided this is not refuted by the business model. This amendment does not affect the financial results of Delta Lloyd Group.

Amendments to IFRS 7 Financial Instruments: Disclosures - Transfers of financial assets (mandatory for financial years beginning on or after 1 July 2011)
These amendments are intended to increase the understanding of users of financial statements with regard to transfers of financial assets (e.g. securitisation), including information on the possible effects of any risks retained by the entity that has transferred the assets. The amendments also require additional disclosures if a disproportionately large part of the transfer occurs around the end of a reporting period. These amendments do not affect Delta Lloyd Group’s result and equity.

On 5 June 2012 the European Union adopted the amendments to IAS 1 on presentation of items of other comprehensive income. This amendment will be mandatory for Delta Lloyd Group from 1 January 2013 and will not be adopted early.

During the first half of 2012, the IASB published the following new and restated standards and amendments which will be applicable to Delta Lloyd Group from 1 January 2013 if adopted by the European Union and no early adoption takes place.

- Amendments to IFRS 10, IFRS 11 and IFRS 12: 'Transition guidance';
- Annual improvements to IFRS (2009-2011 cycle);
- Amendments to IFRS 1 Government Loans.

Delta Lloyd Group is currently investigating the impact of these new and revised standards and amendments.

2.6.2. Use of assumptions and estimates

The preparation of condensed consolidated interim financial statements requires Delta Lloyd Group to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the reporting date. This particularly concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determining the fair value of assets and liabilities, establishing impairment (including of goodwill and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions. Important assumptions made by management are disclosed in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates. Interim results are not necessarily indicative for the full year results.

2.7. Risk management

Financial market developments

European debt crisis
European policymakers did not succeed in creating greater stability during the first half of 2012 as they were unable to find adequate structural solutions for the sustainability of European government finances or for European banks in difficulties. As a result of the ongoing problems, Europe entered a 'double dip' recession and there is a real risk of economic growth remaining low in the long term.

There has, however, been some progress in the past half year. For example, it was decided at the end of March to increase the European financial safety net to € 800 billion. Stricter budgetary rules have been drawn up (reform of the Stability and Growth Pact) and there is systematic monitoring of macro-economic imbalances. Economic governance in Europe has been strengthened by new sanctions to enforce fiscal discipline in eurozone countries. At the end of 2011 and again in February this year, the European Central Bank (ECB) offered banks exceptional long-term financing of more than € 1 trillion in an attempt to buy time while arriving at more fundamental solutions.

In June, Spain was granted up to € 100 billion of European assistance to support its banks in distress. A European summit at the end of June agreed to allow the European Stability Mechanism emergency fund to lend to weak banks and to buy bonds from eurozone countries. The financing of banks was linked to the establishment of a European regulator. The euphoria surrounding this result has now given way to caution as the details still have to be developed and the arrangements face political opposition in countries such as the Netherlands and Finland. Interest rates on Spanish and Italian bonds have again risen to worrying levels. Spain faces a high budget deficit and a declining economy.

A major risk for Delta Lloyd Group is that the situation deteriorates further leading in the end to one or more countries leaving the euro. This would have a major impact and Delta Lloyd Group has made preparations for this. Firstly, direct exposure to countries in difficulties has been reduced and the remaining portfolio is being monitored critically. A crisis team has also been set up and can meet in an emergency. It has planning documents available. Indicators are monitored and status updates are prepared daily for action if the crisis worsens.

'Lente Akkoord'

Following the fall of the Dutch government, a coalition succeeded in agreeing a package of austerity measures, known as the 'Lente Akkoord', with the aim of limiting the budget deficit to no more than 3%. The package includes arrangements for the tax treatment of mortgages, in particular restricting the tax benefit on mortgage interest relief but, in view of the general election on 12 September 2012, there is some doubt as to whether these measures will in fact be implemented. The uncertainty will continue until then, although a majority is now prepared to consider tackling mortgage interest relief. This will be important for the sustainability of the indebtedness of Dutch households in the long term and to reinvigorating the housing market. The 'Lente Akkoord' also states that the retirement age will rise more quickly than had been decided in the 'Pensioenakkoord'.

Risk management at Delta Lloyd Group

Interest rate risk

Delta Lloyd Group incurs interest rate risk as the market value of its assets and liabilities depends on interest rates. There is an additional risk on fixed-income assets and instruments, as the yields on these assets may develop differently from the rates used for discounting the liabilities.

Delta Lloyd Group uses the Collateralised AAA curve to measure the value of the majority of its insurance provisions. This curve is compiled from about 350 bonds. The Collateralised AAA curve is lower than at year-end 2011, having decreased by 1.14 percentage points at the 10-year point, partly as a result of a general fall in interest rate curves in the past half year. In addition, all the Spanish and Italian bonds were removed from the Collateralised AAA curve in February 2012 due to downgrades and at that time, this and other changes in its composition caused the curve – averaged over the duration – to fall further, by about 20 basis points.

Interest rate risk is managed by matching the duration of assets and liabilities. Interest rates are currently historically low. During the first half year, interest rate risk was reduced by further extending the duration of the investments and swaps were purchased to reduce the interest rate risk for the whole balance sheet. The sensitivity analysis further down in this paragraph shows the quantitative effect of interest rate movements split between investments and liabilities.

A significant risk for Delta Lloyd 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 (*de-risking*). Although the benefits of insurance have not changed, this may mean insurance products become less attractive. The lower reinvestment yield leads to higher premiums for our customers and the cost of guaranteed products. To deal properly with this, Delta Lloyd Group looks critically at its interest rate profile, regularly reviews the asset mix to achieve a good balance between yield and risk and uses scenario analyses to identify the long-term effects of persistently low interest rates.

Equity risk

Delta Lloyd Group further reduced its equity risk during the first half of 2012. As well as selling equities in favour of fixed-income securities, the risk has been covered further in a hedging programme. This programme was redefined during the first half year, partly by increasing the effectiveness of the options in February and March.

Credit risk

As a result of the debt crisis, Delta Lloyd Group has further reduced its investment in sovereign and sub-sovereign debt of southern European countries and Ireland to € 70.8 million at 30 June 2012, compared with € 178.4 million at year end 2011. The tables below show Delta Lloyd Group's total exposure to risks on these countries, including lending to the financial sector and other private businesses. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as for countries in which their headquarters are located. The tables are based on 'country of risk' and the figures include accrued interest. The risk reduction effect of credit default swaps is not included in the tables. Delta Lloyd Group has hedged a nominal amount of € 578 million of the default risk in these countries (year-end 2011: € 601 million). The Other bonds column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received.

Only the loans and receivables in the insurance portfolio are measured at amortised cost. As other financial instruments are marked to market, realised and unrealised gains and losses on the total bond portfolio are ultimately recognised in shareholders' funds.

Position in sovereign, sub-sovereign and other bonds and receivables at 30 June 2012

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	position at 30 June 2012
Portugal	-	6.1	-	33.3	-	39.4
Italy	1.6	186.2	30.9	159.4	-	378.1
Ireland	20.8	15.2	57.7	126.5	-	220.2
Greece	-	16.1	-	1.0	-	17.1
Spain	48.4	161.7	0.5	363.7	215.0	789.3
Total	**70.8**	**385.3**	**89.1**	**683.9**	**215.0**	**1,444.1**

Position in sovereign, sub-sovereign and other bonds and receivables at 31 December 2011

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Position at 31 December 2011
Portugal	-	18.1	-	29.8	-	47.9
Italy	42.2	186.5	31.5	145.6	-	405.8
Ireland	23.7	8.2	45.8	142.1	-	219.8
Greece	18.1	24.6	-	1.3	-	44.0
Spain	94.4	183.4	26.0	386.8	215.0	905.6
Total	**178.4**	**420.8**	**103.3**	**705.6**	**215.0**	**1,623.1**

The tables below provide details of the carrying amount of financial assets that have been impaired. The tables relate to financial assets for own risk and at policyholders' risk.

Financial assets after impairments at 30 June 2012

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 30 June 2012
Debt securities	25,085.1	1.1	10.5	25,096.6
Loans and receivables	23,249.1	410.4	100.2	23,759.7
Receivables and other financial assets	2,326.7	492.1	6.1	2,824.9

Financial assets after impairments at 31 December 2011

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 31 December 2011
Debt securities	22,691.5	1.1	17.5	22,710.0
Loans and receivables	22,959.4	379.6	92.7	23,431.6
Receivables and other financial assets	1,734.7	347.3	13.5	2,095.6

The tables below provide details of the period of arrears on loans, receivables and other financial assets which have not been impaired.

Maturity of financial assets that are past due but not impaired at 30 June 2012

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 30 June 2012
Debt securities	0.7	-	-	0.4	1.1
Loans	341.9	34.5	16.5	17.5	410.4
Receivables and other financial assets	456.7	5.9	25.3	4.1	492.1
Total	**799.3**	**40.5**	**41.8**	**22.0**	**903.6**

Maturity of financial assets that are past due but not impaired at 31 December 2011					
In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 31 December 2011
Debt securities	0.7	-	-	0.4	1.1
Loans	317.3	34.8	12.7	14.8	379.6
Receivables and other financial assets	299.5	19.2	24.7	3.9	347.3
Total	**617.5**	**54.0**	**37.4**	**19.1**	**728.0**

Property risk
Delta Lloyd Group's property portfolio is diversified into: residential, car parks, shopping centres and commercial property. Part is direct investment and part is investment through funds. Delta Lloyd Group's risk management strategy for property risk is focused on retaining a high-quality self-managed portfolio. Demand for commercial property (mainly offices and shops) in the Netherlands has been under pressure for some time as a result of the economic situation. The residential sector, which to date has remained relatively stable, makes up the largest part of the portfolio. The residential letting market is positive in the sector in which Delta Lloyd invests. The retail and office portfolio has to be managed pro-actively and requires intensive contact with managers and agents, etc. This keeps vacancy rates in the portfolio at the lowest possible level. Negotiations are held with tenants well before a lease expires. The portfolios are subject to hold-sell analyses. Each property is assessed critically, with the sale of less strategic assets being considered. The office portfolio has our greatest attention. A plan to improve the letting potential was started last year and improvements in energy classifications are making a positive contribution to this.

Delta Lloyd Group's property portfolio for own risk was valued at € 2.6 billion at 30 June 2012 (year-end 2011: € 2.6 billion) after a downward revaluation of € 52.0 million in the first half of 2012 (full year 2011: € 55.3 million).Vacancy rates for property in the Netherlands are 1% (year-end 2011: 2%) for residential, 4% (year-end 2011: 4%) for retail and 15% (year-end 2011: 8%) for offices. The vacancy rates for the Dutch property portfolio are calculated by expressing missed rental income as a percentage of total gross rental income. Office vacancies have increased mainly as a result of cancellations, non-renewals of leases and less office space in own use. Vacancy rates for property in Germany are 3% (year-end 2011: 2%) for residential and 3% (year-end 2011: 2%) for offices. The vacancy rates for Germany are calculated on the basis of the number of vacant square metres compared to the total number of available square metres.

Delta Lloyd Group believes there are still enhanced risks in the housing market. Consumer confidence is relatively low, the continuation of tax benefits on mortgage interest is uncertain and the ability to grant new mortgages is restricted by new regulations. It is not clear whether the measures in the 'Lente Akkoord' referred to above will be introduced after the election. Mortgage funding has become more difficult as a result of the less favourable treatment of mortgage-backed securities proposed in the Basel III and Solvency II regimes. The default percentage on mortgages at Delta Lloyd Group has risen slightly but is still low. Delta Lloyd Group is particularly alert to developments in the property and housing markets.

Capital positions

IFRS equity (excluding non-controlling interests) fell by € 1,005 million compared with year-end 2011 to €2,860 million, mainly as a result of the decline in the Collateralised AAA curve referred to above. This brought IFRS solvency to 233% (year-end 2011: 302%). The BIS ratio of Delta Lloyd Bank rose to 13.8%, (year-end 2011: 12.1%) and its Core Tier 1 ratio to 10.6% (year-end 2011: 8.9%), mainly as a result of capital injections by Delta Lloyd NV.

For Dutch regulatory purposes, solvency is monitored using the ECB AAA curve. In early July, in view of the continuing exceptional market conditions and poor liquidity for the maturities, the Nederlandsche Bank (the Dutch central bank 'DNB') adjusted the interest rate curve for insurers from the end of the second quarter. The adjustment relates to the method of extrapolating the curve using an Ultimate Forward Rate (UFR), in which one-year forward rates from a maturity of 20 years converge in 40 years to a UFR of 4.2%. The effect is a more stable interest rate for longer maturities so that the solvency position of insurers is less volatile. The DNB is anticipating Solvency II for insurers with this measure.

Regulatory solvency (IGD; measured under the current solvency system) of Delta Lloyd Group rose by 20 percentage points to 194%, allowing for the dividend distribution in the second quarter. This increase was partly a result of the mandatory adjustment of the interest rate curve imposed by DNB for terms longer than twenty years referred to above. The impact of this adjustment was estimated at 15% positive at the end of the first quarter for Delta Lloyd Group. The regulatory solvency of Delta Lloyd Levensverzekering rose by 75 percentage points to 275%, wherein the increase due to the DNB adjustment of the curve is 30 percentage points.

The impact of changes in the main capital market data are set out below to provide information on the sensitivity of the result and shareholders' funds to movements in the capital markets. The sensitivity of the IGD is also disclosed. See section 2.9.7 Pension obligations for the sensitivity analysis for the pension obligations.

Sensitivity analysis of investments

In millions of euros	Impact on result after tax at 30 June 2012	Impact on equity at 30 June 2012	Impact on result after tax at 31 December 2011	Impact on equity at 31 December 2011
Credit risk +50 bps	-272.7	-299.0	-211.7	-225.0
Credit risk -50 bps	285.8	313.1	227.0	240.4
Interest rate risk +100 bps	-2,081.1	-2,191.9	-1,722.7	-1,824.3
Interest rate risk -100 bps	2,606.2	2,722.5	2,196.3	2,304.8
Equity risk +10%	-13.8	129.9	26.2	303.1
Equity risk -10%	21.4	-109.9	-20.1	-283.8
Property risk +10%	209.2	215.1	208.3	212.6
Property risk -10%	-209.2	-215.1	-190.9	-212.6

Sensitivity analysis of liabilities

In millions of euros	Impact on result after tax at 30 June 2012	Impact on equity at 30 June 2012	Impact on result after tax at 31 December 2011	Impact on equity at 31 December 2011
Credit risk +50 bps	5.4	12.2	2.3	5.3
Credit risk -50 bps	-5.7	-12.8	-2.4	-6.9
Interest rate risk +100 bps	2,263.5	2,283.8	1,715.9	1,722.6
Interest rate risk -100 bps	-2,946.1	-2,946.3	-2,261.7	-2,249.8
Equity risk +10%	32.2	31.2	28.0	27.7
Equity risk -10%	-34.4	-33.4	-30.0	-29.8
Property risk +10%	-48.7	-48.7	-48.2	-48.2
Property risk -10%	48.7	48.7	46.6	46.6
Longevity risk -5%	-170.0	-170.0	-122.3	-121.4
Expense risk +10%	-48.0	-37.5	-50.7	-36.2
Claims ratio +5%	-20.6	-20.6	-35.1	-35.1
Mortality risk +5%	147.1	147.1	103.4	97.4

Sensitivity analysis of investments and liabilities according to IGD

In millions of euros	Impact on available solvency at 30 June 2012	Impact on available solvency at 31 December 2011
Credit risk +50 bps	-138.0	-208.8
Credit risk -50 bps	144.5	228.1
Interest rate risk +100 bps	-285.6	191.6
Interest rate risk -100 bps	490.0	-504.8
Equity risk +10%	152.4	342.9
Equity risk -10%	-136.0	-336.5
Property risk +10%	150.9	169.7
Property risk -10%	-150.9	-169.7

The tables above show the impact of the main market risks for Delta Lloyd Group on result, shareholders' funds and actual solvency position after tax. The IFRS sensitivities are based on Delta Lloyd Group accounting policies and the IGD sensitivities on local policies for calculating solvency. Interest rate, credit and equity risks sensitivities have changed, mainly as a result of management actions.

Credit risk
Credit risk increases under IFRS as a result of downgrades and changes in the portfolio there are more collateralised and government bonds with a rating below AAA. This increase is not affecting local IGD sensitivities mainly because they are not affected by changes in spreads on Belgian and other government bonds.

Interest rate risk
As a result of the fall in the Collateralised AAA curve compared with December 2011, sensitivity of the provisions to a 100 basis point movement in interest rates has increased considerably. The effect on investments has also risen with the decrease in the DNB swap curve, the increase in the duration of the investments and the purchase of swaps. The total interest rate and mortality risks under IFRS are increasing as the rise in the impact on the liabilities is larger than the impact on the investments.

Under IGD, liabilities are measured using the ECB AAA curve. DNB's adjustment of this curve using the UFR methodology means that the ECB AAA curve falls for short maturities but rises for long maturities. Consequently, the sensitivity of liabilities to interest rates is roughly unchanged despite lower interest rates. As under IFRS, the effect on investments is rising compared with December 2011 because of lower interest rates. As a result, total IGD sensitivity has decreased so significantly that Delta Lloyd Group has become sensitive to an increase in interest rates for IGD.

Equity risk
Sensitivity to a fall in equity markets has declined as a result of the sale of equities and an increase in the effectiveness of the hedging programme.

Claims risk
Sensitivity to a 5% increase in the claims ratio has roughly halved compared with year end 2011 since it is based on the current claims ratio at half year 2012 and therefore on a half year's earned premiums.

The tables show the effect of a change in one of the key assumption while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analyses do not take into consideration that Delta Lloyd Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs.

Longevity risk
Commercially, longevity risk (the risk that people will live longer than expected) is the principal underwriting risk. Delta Lloyd Group manages this risk through detailed analysis of mortality data in its portfolio and the latest external industry data and trends. It then uses these data to form adequate provisions. Expected mortality improvements over the next 50 years are incorporated in the pricing of policies. Since 2010, Delta Lloyd Group has used estimates of longevity published by Statistics Netherlands (*Centraal Bureau voor de Statistiek*). In December 2012, Statistics Netherlands will publish a new mortality table incorporating the latest mortality forecasts for men and women. A new mortality table will be introduced at the end of 2012 if concluded by these forecasts.

The introduction of a prospective mortality table at Delta Lloyd Life Belgium had a positive impact of € 57.8 million.

Gender-neutral tariffs
In accordance with the ruling of the European Court of Justice and the 'Guidelines' issued by the European Commission, from 21 December 2012 Delta Lloyd Group will apply a gender-neutral tariff when calculating insurance premiums and benefits for new contracts closed from that date. The use of gender-neutral tariffs means that one of the risk drivers Delta Lloyd Group uses for pricing and risk management will disappear. The measures needed to deal with this are currently being investigated.

Compliance
The European Commission has still not provided certainty on the methodology and parameters for establishing the curve for discounting liabilities from the introduction of Solvency II. The uncertainty lies in the composition of the curve, the last liquid point, the extrapolation period and the use and

amount of the counter-cyclical premium. This is the premium over a base curve used to measure liabilities to take the illiquidity of liabilities into account. It is also not yet certain whether insurers will be able to use the matching adjustment and, if so, for which obligations and investments. The matching adjustment is also a premium over the base curve, but is limited to products with no surrender risk and explicitly linked to the illiquidity premium earned on investments.

All Delta Lloyd Group brands recently retained their Customer-Focused Insurance Quality Label. The standards for the label were tightened further for 2012 meaning that extra efforts will have to be made to continue meeting these standards. The focus will be on how the measures taken by the insurers perform.

Distribution fees
It is very likely that commissions to intermediaries for high-impact financial products such as life insurance, occupational disability insurance and mortgages will be prohibited from 1 January 2013. Commissions are currently included in the gross price the customer is charged for these products. This prohibition is governed by the new Decree on Business Conduct Supervision of Financial Enterprises (Bgfo 3), which includes three major changes that impact the current distribution landscape.

Firstly, there will be a prohibition on commissions for high-impact financial products. This means that financial institutions will no longer be allowed to pay distribution partners for selling them. Distribution partners will be paid directly for their advisory services by the customer. The intermediary market is already responding to this by revising its business models. The commission model is being replaced by a fee model, such as subscriptions or hourly fees.

Second, the distribution and advisory fees have to be transparent and charged separately. For providers, this applies to their direct distribution channel. The Ministry of Finance intends to create a level playing field by this change, allowing fair and clear comparison of distribution and advisory fees of different financial service providers.

Thirdly, standards of expertise for advising on financial products are being tightened. Every employee in contact with customers and who 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, intermediaries who close their businesses will transfer their portfolios to other intermediaries or providers.

Delta Lloyd Group has anticipated the new regulations although the final wording is not expected until mid-August 2012. A working group has been set up to focus on implementing them at Delta Lloyd Group. As foreseen in 2011, there is no reason to completely adjust our business model based on a multi-channel strategy to the new regulations.

2.8. Segment information

The following changes have been made to determining the operational result after tax and non-controlling interests from 2012:

Calculation changes
- From 2012 the actual technical result of the general insurance business line, which is the total of all the line items represented in the combined ratio excludes the impact of interest rate movements on the technical provisions. This has a positive effect of € 7.8 million on the operational result (half-year 2011: € 1.5 million);
- The long-term investment return are determined by the reference rate (10-year Collateralised AAA curve) on average shareholders' equity, the long-term excess investment return on policyholder assets plus the risk margins earned on investments at own risk. In 2012, due to a change in asset mix, the risk margin on mortgages of 0.8% is included besides the risk return on equities and real estate investments. This has a positive effect of € 10.1 million on the operational result (half-year 2011: € 6.5 million).

Presentation changes
- In 2012, Delta Lloyd Group decided on discontinuation of its underwriting in the international marine business which experiences adverse claims development in a for Delta Lloyd Group relatively unfavourable market. According to management point of view, including this portfolio as operational business would distort management information to such extent that incorrect conclusions could be drawn on the overall performance. As a result, it has no longer been included in the operational result. This has a positive effect of € 48.8 million on the operational result (half-year 2011: € 6.0 million).
- The non-controlling interests of Delta Lloyd NV, ABN AMRO Verzekeringen and Cyrte Investments are allocated to their segments at 30 June 2012. This change has led to a shift in non-controlling interests from the Other segment to the Life, General and Asset Management segments.

The impact of these calculation and presentation changes on the operational result for the fist half year 2011 is disclosed in section 2.8.1. table 'Income and result for the first half year 2011'.

2.8.1. Segment results

Income and result for the first half year 2012							
In millions of euros	Life	General	Bank	Asset management	Other	Eliminations	Total
Income							
Gross written premiums	2,151.9	939.0	-	-	-	-	3,091.0
Net premiums earned	**2,136.4**	**750.9**	**-**	**-**	**-**	**-**	**2,887.3**
Fee and commission income	3.4	30.8	37.4	71.3	18.2	-47.5	113.7
Net investment income							
Interest income	582.5	31.7	128.3	16.7	187.7	-68.2	878.6
Net rental income	67.9	-	-	-	0.2	-6.1	62.1
Dividends	274.5	8.2	-	-	2.1	-	284.8
Movements in the fair value of investments classified as held for trading	-	-	1.1	-	0.4	-	1.5
Movements in the fair value of investments classified as other than trading	978.4	2.0	17.4	-	136.1	-	1,133.7
Realised gains and losses on investments classified as available for sale	49.4	34.2	9.7	-	0.5	-	93.8
Impairment of investments classified as available for sale	-59.7	-25.7	-	-	-9.5	-	-94.9
Reversal of impairment of investments classified as available for sale	-	0.1	-	-	-	-	0.1
Result from loans and receivables	1.0	0.1	-18.8	-	-	-	-17.8
Impairment of loans and receivables	-0.5	-	-6.8	-	-1.5	-	-8.9
Reversal of impairment of loans and receivables	1.6	-	2.1	-	3.0	-	6.7
Result from derivatives	522.0	-1.0	-15.2	1.5	-115.3	-	392.0
Other investment income	2.1	-0.1	-	-	-114.9	-	-112.8
Share of profit or loss after tax of associates	15.5	3.1	-	-	-4.0	-	14.7
Total investment income	**2,434.6**	**52.6**	**117.6**	**18.2**	**84.8**	**-74.3**	**2,633.5**
Other income	21.9	-1.4	0.2	-	-10.7	-3.3	6.7
Total income	**4,596.2**	**832.9**	**155.2**	**89.5**	**92.3**	**-125.1**	**5,641.1**
Total intercompany income	64.9	2.8	38.1	23.1	-3.8	-125.1	-
Revenue from external customers	**4,531.4**	**830.1**	**117.1**	**66.4**	**96.1**	**-**	**5,641.1**
Result after tax and non-controlling interests	-760.1	-33.2	-31.4	21.8	-139.5	-	-942.5
Operational result after tax and non-controlling interests	**185.5**	**29.2**	**-7.7**	**23.1**	**-11.8**	**-**	**218.4**

Income and result for the first half year 2011

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Income							
Gross written premiums	2,142.7	872.2	-	-	-	-	3,014.9
Net premiums earned	**2,120.8**	**705.6**	**-**	**-**	**-**	**-**	**2,826.4**
Fee and commission income	8.9	14.4	40.0	71.5	27.7	-47.2	115.3
Net investment income							
Interest income	516.9	33.5	198.9	15.1	251.4	-74.3	941.5
Net rental income	70.0	-	-	-	0.5	-	70.6
Dividends	238.6	9.2	0.1	-	3.6	-	251.4
Movements in the fair value of investments classified as held for trading	-	-	0.8	-	-	-	0.8
Movements in the fair value of investments classified as other than trading	-504.3	-3.8	-3.7	-2.2	-134.5	-	-648.6
Realised gains and losses on investments classified as available for sale	95.2	-4.5	0.4	-	-	-	91.0
Impairment of investments classified as available for sale	-33.4	1.2	-1.1	-	-6.7	-	-40.0
Reversal of impairment of investments classified as available for sale	-	-	-	-	-	-	-
Result from loans and receivables	-2.2	-	-	-	-	-	-2.2
Impairment of loans and receivables	-0.9	-	-7.6	-	-1.1	-	-9.6
Reversal of impairment of loans and receivables	0.3	-	3.3	-	-	-	3.6
Result from derivatives	-51.1	4.7	15.7	2.9	110.0	-	82.2
Other investment income	-22.5	-	-	-	-24.4	-	-46.9
Share of profit or loss after tax of associates	27.9	-0.2	-	-	0.2	-	28.0
Total investment income	**334.6**	**40.0**	**206.6**	**15.9**	**199.1**	**-74.3**	**721.9**
Other income	-0.2	-	1.3	-	23.6	-2.5	22.3
Total income	**2,464.1**	**760.1**	**247.9**	**87.4**	**250.3**	**-124.0**	**3,685.9**
Total intercompany income	45.3	3.0	42.4	22.7	10.7	-124.0	-
Revenue from external customers	**2,418.8**	**757.1**	**205.5**	**64.8**	**239.7**	**-**	**3,685.9**
Result after tax and non-controlling interests	-315.3	-0.4	14.6	18.4	-58.8	-	-341.6
Operational result after tax and non-controlling interests in interim financial report 2011	**191.7**	**18.5**	**14.3**	**20.3**	**-32.2**	**-**	**212.7**
Impact of changes in interest on the technical provisions	-	1.5	-	-	-	-	1.5
Long term investment return on mortgages	6.5	-	-	-	-	-	6.5
Discontinuation international marine business	-	6.0	-	-	-	-	6.0
Operational result after tax and non-controlling interests	**198.2**	**26.0**	**14.3**	**20.3**	**-32.2**	**-**	**226.7**

2.8.2. Segment statement of financial position

Segment statement of financial position at 30 June 2012

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Assets							
Intangible assets	64.7	54.6	14.4	18.8	318.9	-	471.2
Investments in associates and joint ventures	248.6	110.6	-	0.4	-106.9	-	252.7
Financial investments	50,804.2	2,219.3	10,316.0	996.8	7,024.7	-4,370.1	66,990.9
Reinsurance assets	423.0	151.3	-	-	-	-	574.3
Assets held for sale	-	-	4.9	-	22.3	-	27.3
Other assets	5,386.1	973.7	1,711.9	1,800.1	3,887.0	-4,163.3	9,595.4
Total assets	**56,926.5**	**3,509.5**	**12,047.2**	**2,816.0**	**11,146.0**	**-8,533.4**	**77,911.8**
Total equity	**3,372.1**	**527.1**	**434.2**	**54.6**	**-1,219.2**	**-**	**3,168.8**
Liabilities							
Insurance liabilities	40,270.5	2,308.0	-	-	-	-	42,578.5
Borrowings	515.7	97.9	975.1	113.9	5,902.9	-662.2	6,943.3
Other liabilities	12,768.3	576.4	10,638.0	2,647.5	6,462.2	-7,871.2	25,221.2
Total liabilities	**53,554.5**	**2,982.4**	**11,613.0**	**2,761.4**	**12,365.1**	**-8,533.4**	**74,743.0**
Total equity and liabilities	**56,926.5**	**3,509.5**	**12,047.2**	**2,816.0**	**11,146.0**	**-8,533.4**	**77,911.8**
Capital expenditure							
Property and equipment	1.2	-	0.9	-	8.0	-	10.1
Intangible assets	0.1	-	0.2	-	1.5	-	1.8
Total capital expenditure	**1.2**	**-**	**1.1**	**-**	**9.5**	**-**	**11.8**

Segment statement of financial position at 31 December 2011

In millions of euros	Life	General	Bank	Asset Management	Other	Eliminations	Total
Assets							
Intangible assets	68.5	56.7	14.6	20.0	318.8	-	478.5
Investments in associates	330.0	106.2	-	0.4	-101.8	-	334.8
Financial investments	47,463.3	2,090.7	9,244.3	1,104.6	7,312.4	-3,506.3	63,709.1
Reinsurance assets	423.7	137.8	-	-	-	-	561.5
Assets held for sale	-	-	4.9	-	22.3	-	27.3
Other assets	5,531.2	877.8	1,959.8	1,152.9	3,478.4	-3,248.5	9,751.7
Total assets	**53,816.8**	**3,269.2**	**11,223.6**	**2,277.9**	**11,030.1**	**-6,754.8**	**74,862.9**
Total equity	**4,329.2**	**493.7**	**330.5**	**59.8**	**-1,038.2**	**-**	**4,175.0**
Liabilities							
Insurance liabilities	37,046.8	2,057.5	-	-	-	-	39,104.3
Borrowings	515.2	97.8	756.4	40.4	6,140.2	-651.5	6,898.6
Other liabilities	11,925.5	620.3	10,136.8	2,177.7	5,928.2	-6,103.3	24,685.1
Total liabilities	**49,487.5**	**2,775.6**	**10,893.1**	**2,218.1**	**12,068.3**	**-6,754.8**	**70,688.0**
Total equity and liabilities	**53,816.8**	**3,269.2**	**11,223.6**	**2,277.9**	**11,030.1**	**-6,754.8**	**74,862.9**
Capital expenditure							
Property and equipment	0.4	-	2.7	0.2	8.5	-	11.7
Intangible assets	1.1	24.8	0.9	-	4.1	-	30.8
Total capital expenditure	**1.5**	**24.8**	**3.6**	**0.2**	**12.6**	**-**	**42.5**

2.8.3. Reconciliation of the result

The reconciliation of operational result after tax and non-controlling interests to the result before tax from continuing operations is as follows:

Reconciliation of the result for the first half year		
In millions of euros	**2012**	**2011**
Operational result after tax and non-controlling interests	**218.4**	**226.8**
Current tax	80.3	75.8
Non-controlling interests	23.3	34.7
Operational result before tax and non-controlling interests	**322.0**	**337.3**
Assumed long-term investment return	-211.9	-264.9
Actual investment return after profit sharing	879.3	-88.5
Fair value gains and losses on liabilities	-2,204.9	-551.0
Mortality / Longevity - non operational	57.8	88.5
Non-operational items	-109.2	-25.6
Operational result before tax and non-controlling interests from discontinued operations	-13.8	-1.1
Result before tax from continuing operations	**-1,280.8**	**-505.3**

The decrease in interest rate led to a considerably higher actual investment return in the first half of 2012 compared to the equivalent period in 2011.

As a result of movements in market interest rates and the downgrading of a number of bonds resulting in a drop out of the Collateralised AAA curve, the Collateralised AAA curve fell further in 2012 compared to 2011. This resulted in an increase in the life insurance provision.

The introduction of a prospective mortality table at Delta Lloyd Life Belgium had a € 57.8 million positive effect that has been classified as mortality/longevity - non operational.

The non-operational items consist of the negative result on the terminated international marine portfolio of € 65.1 million (first half-year 2011: € 8.1 million), impairments of € 21.5 million (first half-year 2011: € 4.0 million) and other non-operational items of € 22.6 million (first half-year 2011: € 13.6 million).

Reconciliation IFRS operational costs to other operating expenses first half year		
In millions of euros	**2012**	**2011**
Other operating expenses	319.7	314.6
Allocated to expenses relating to the acquisition of insurance and investment contracts	114.3	113.3
Movement in other provisions	18.5	7.2
Non-operational costs	-41.4	-11.3
Expenses from discontinued operations	-12.5	0.1
Management cost base	**398.5**	**423.9**

An adjustment of € 1.0 million (half-year 2011: €0.3 million) was made to the other operating expenses in the management cost base for the discontinuation of international marine underwriting. The expenses from discontinued operations € -12.5 million mainly consists of the release of the prudential provision for Delta Lloyd Groep Zorg of € 13.0 million.

2.9. Notes to the statement of financial position

2.9.1. Subsidiaries

Acquisitions during the financial year
On 1 July 2012, ABN AMRO Verzekeringen took over the intermediary activities in the commercial general insurance segment for the Small and Medium-Sized Enterprise sector from ABN AMRO Bank. Delta Lloyd Group holds 51% of the shares in ABN AMRO Verzekeringen and ABN AMRO Bank the remaining 49%. This transaction brings together the insurer and intermediary and fits in with Delta Lloyd Group's strategy, which focuses on simplicity. This will reduce the costs in the distribution chain and give ABN AMRO Verzekeringen an even stronger commercial edge. As a result of the transaction, ABN AMRO Verzekeringen will take over 116 FTEs from ABN AMRO Bank. Delta Lloyd Group's annual operating expenses will increase by about € 20 million. The transaction is expected to contribute to the operating profit from 2012 onwards and there will be no goodwill or other intangible assets recognised.

Joint venture Friesland Bank Assurantiën
On 31 December 2011, Friesland Bank and Delta Lloyd Group completed the transaction on the sale of 51% of the shares of Friesland Bank Assurantiën (FBA) Holding to Delta Lloyd Group and since that date FBA has been included in the consolidation of Delta Lloyd Group. The agreement is for setting up a 30-year joint venture for the exclusive distribution and sale of insurance products under the FBA label. In accordance with the applicable reporting standards, the final acquisition balance sheet will be drawn up within 12 months. The final acquisition balance sheet has not been completed at the time of publication of the interim financial report 2012. No significant differences compared with the provisional balance sheet are expected.

On 2 April 2012, Rabobank announced that it had acquired Friesland Bank. As far as is known, this acquisition has no consequences for Friesland Bank Assurantiën (FBA), the joint venture between Delta Lloyd Group and Friesland Bank.

2.9.2. Associates and joint ventures

Delta Lloyd Group's interest in Bol.com held through the investment funds CFI Invest and Dasym Investments IV was disposed of for € 134.6 million during the first half year. The transaction was concluded in May 2012 with a result on disposal of € 32.3 million including interest. Part of this result is attributable to non-controlling interests.

2.9.3. Financial investments own risk

Financial investments for own risk

In millions of euros	30 June 2012	31 December 2011
Debt securities	22,576.8	20,366.2
Equity securities	4,827.8	4,984.8
Derivatives	2,812.7	2,436.2
Loans at fair value through profit or loss (FVTPL)	6,236.5	6,104.6
Loans and receivables at amortised cost	17,517.3	17,321.8
Total financial investment	**53,971.1**	**51,213.5**

Fair value of financial investments for own risk by category

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total 30 June 2012
Debt securities	-	25.1	19,307.8	3,243.9	22,576.8
Equity securities	-	3.2	916.0	3,908.5	4,827.8
Derivatives	-	2,812.7	-	-	2,812.7
Loans at fair value through profit or loss (FVTPL)	-	-	6,236.5	-	6,236.5
Loans and receivables at amortised cost	19,100.1	-	-	-	19,100.1
Total	**19,100.1**	**2,841.0**	**26,460.4**	**7,152.5**	**55,553.9**

Fair value of financial investments for own risk by category

In millions of euros	Recognised in the balance sheet at amortised cost	Recognised at fair value through profit or loss trading	Recognised at fair value through profit or loss other than trading	Available for sale	Total 31 December 2011
Debt securities	-	28.7	17,401.5	2,935.9	20,366.2
Equity securities	-	3.0	905.0	4,076.8	4,984.8
Derivatives	-	2,436.2	-	-	2,436.2
Loans at fair value through profit or loss (FVTPL)	-	-	6,104.6	-	6,104.6
Loans and receivables at amortised cost	17,816.2	-	-	-	17,816.2
Total	**17,816.2**	**2,467.9**	**24,411.1**	**7,012.7**	**51,708.0**

Derivatives for own risk

In millions of euros	Contract / notional amount 30 June 2012	Fair value asset 30 June 2012	Fair value liability 30 June 2012	Contract / notional amount 31 December 2011	Fair value asset 31 December 2011	Fair value liability 31 December 2011
Foreign exchange contracts						
OTC						
Forwards	6,288.0	21.8	28.7	1,936.3	16.7	14.7
Currency swaps 1)	-	168.8	167.4	-	156.9	156.9
Total foreign exchange contracts	**6,288.0**	**190.6**	**196.1**	**1,936.3**	**173.6**	**171.6**
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	3,190.5	18.2	116.4	3,650.1	125.5	182.6
Interest rate and currency swaps not held for fair value hedge accounting	24,034.0	1,643.4	1,613.1	22,965.1	1,268.3	990.9
Options	7,000.0	418.3	0.5	7,700.0	379.6	0.4
Exchange traded						
Futures	191.4	1.8	-	228.5	-	1.0
Options	550.0	3.9	-	550.0	7.7	-
Total interest rate contracts	**34,965.9**	**2,085.5**	**1,730.0**	**35,093.7**	**1,781.2**	**1,174.9**
Equity/index contracts						
OTC						
Options	5,671.9	398.7	438.0	5,549.6	350.4	339.4
Exchange traded						
Futures	1,152.0	-	-	1,378.7	-	3.9
Options	645.2	30.5	-	876.0	19.4	-
Total equity/index contracts	**7,469.1**	**429.1**	**438.0**	**7,804.3**	**369.8**	**343.3**
Credit default swaps	**1,003.6**	**107.5**	**4.7**	**1,492.6**	**111.7**	**18.4**
Total	**49,726.6**	**2,812.7**	**2,368.8**	**46,326.9**	**2,436.2**	**1,708.2**

1) The notional amount of the currency swaps has not been reported as it is related to back-to-back transaction.

In accordance with the new market standard, since May 2012 Delta Lloyd Group has applied an OIS (Overnight Indexed Swap) curve for the measurement of fully cash-collateralised derivatives. The projected cash flows of these derivatives are discounted using the EONIA (Euro OverNight Index Average) swap curve, which reflects the fair value of future overnight interest rates and is regarded as the best estimate of a risk-free interest rate.

Derivatives had previously been measured using EUR swap curves which are based mainly on 3-month or 6-month Euribor fixings.

The impact due to changing the curves was at 31 May 2012 a € 66.0 million gain for Delta Lloyd Group, made up of a € 84.0 million gain for Delta Lloyd Levensverzekering, a € 7.0 million loss for Delta Lloyd Bankengroep and a € 11.0 million loss for Amstelhuys.

Accumulated impairment of debt securities available for sale

In millions of euros	30 June 2012	31 December 2011
At 1 January	**59.7**	**22.6**
Impairment charges during the period	0.5	40.4
Reversal of impairment charges during the year	-0.1	-
Disposals	-34.5	-3.3
At end of period	**25.6**	**59.7**

Accumulated impairment of equity securities available for sale

In millions of euros	30 June 2012	31 December 2011
At 1 January	**1,135.3**	**1,033.5**
Impairment charges during the period	94.4	191.0
Disposals	-101.9	-89.1
At end of period	**1,127.8**	**1,135.3**

Accumulated impairment of loans and receivables at amortised cost

In millions of euros	30 June 2012	31 December 2011
At 1 January	**101.4**	**87.9**
Impairment charges during the period	8.6	17.2
Reversal of impairment charges during the year	-6.7	-7.0
Irrecoverable	-	8.3
Disposals	-5.4	-6.6
Other	0.1	1.5
At end of period	**98.0**	**101.4**

2.9.4. Investments at policyholders' risk

Carrying value of financial investments related to unit-linked liabilities		
In millions of euros	**30 June 2012**	**31 December 2011**
Debt securities	2,519.8	2,343.9
Equity securities	10,040.4	9,783.7
Derivatives	338.5	251.7
Loans and receivables	5.9	5.3
Receivables and other financial assets	111.7	111.0
Cash and cash equivalents	3.4	-
Total	**13,019.8**	**12,495.6**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,177.1	11,606.9
Unit-linked contracts classified as investment contracts	422.7	407.3
Derivatives liabilities	25.3	37.3
Third-party interests in investment funds	966.4	946.4
Total	**13,591.6**	**12,997.9**

2.9.5. Inventory of real estate projects

Inventory of real estate projects comprises only of building land in the development phase. During the first half of 2012, a further impairment of € 14.5 million was recognised on the value of building land, cumulative € 30.9 million.

2.9.6. Insurance liabilities

Insurance liabilities at 30 June 2012			
In millions of euros	**Life**	**General**	**Total**
Discretionary participating contracts	7,385.3	-	7,385.3
Non-discretionary participating contracts	4,342.4	0.1	4,342.5
Unit-linked non-participating contracts	12,177.1	-	12,177.1
Other non-participating contracts	16,365.6	-	16,365.6
Outstanding claims provisions	-	1,303.5	1,303.5
Provision for claims handling expenses	-	60.2	60.2
Provision for claims incurred but not reported	-	441.8	441.8
Provision for unearned premiums	-	496.8	496.8
Provision for unexpired risks	-	0.8	0.8
Other technical provisions	-	4.9	4.9
Total	**40,270.5**	**2,308.0**	**42,578.5**

Insurance liabilities at 31 December 2011			
In millions of euros	**Life**	**General**	**Total**
Discretionary participating contracts	7,027.1	-	7,027.1
Non-discretionary participating contracts	3,987.8	0.1	3,987.8
Unit-linked non-participating contracts	11,606.9	-	11,606.9
Other non-participating contracts	14,425.1	-	14,425.1
Outstanding claims provisions	-	1,231.2	1,231.2
Provision for claims handling expenses	-	61.3	61.3
Provision for claims incurred but not reported	-	389.7	389.7
Provision for unearned premiums	-	369.2	369.2
Provision for unexpired risks	-	0.8	0.8
Other technical provisions	-	5.2	5.2
Total	**37,046.8**	**2,057.5**	**39,104.3**

Statement of changes in life insurance business provisions		
In millions of euros	**30 June 2012**	**31 December 2011**
At 1 January	**37,046.8**	**33,921.2**
Provisions in respect of new business	968.2	2,343.5
Expected change in existing business provisions	-53.7	-1,253.6
Movement in longevity provision	38.1	19.0
Variance between actual and expected experience	-145.2	-334.0
Effect of operating assumption changes	-64.0	-79.7
Effect of economic assumption changes	2,505.5	2,350.6
Other movements recognised as expense	-3.4	70.3
Change in liability recognised as expense	**3,245.5**	**3,116.1**
Other movements not recognised as expense	-21.8	9.5
Total	**40,270.5**	**37,046.8**

The changes in economic assumptions are mainly a result of price effects and the effect of interest rate movements reflected in the Collateralised AAA curve on which many of the provisions are based. The related effect of changes in market interest rates has an increasing effect on the insurance provisions of € 2,407 million (year-end 2011: € 2,045 million).

Other movements not recognised as expense in 2012 of € -21.8 million (year-end 2011: € 9.5 million) relates to:

- Pension obligations relating to Friesland Bank Assurantiën of € -10.0 million;
- Internal transfer of value for Delta Lloyd Herverzekeringsmaatschappij of € -13.9 million;
- Profit sharing in Germany of € 2.1 million.

Statement of changes in general insurance business provisions[1]		
In millions of euros	**30 June 2012**	**31 December 2011**
At 1 January	**1,687.5**	**1,648.2**
Effect of changes in operational assumptions	-3.7	-11.5
Effect of changes in economic assumptions	11.7	5.6
Claim losses and expenses incurred in the current year	555.2	1,040.4
Movement in anticipated claim losses and expenses incurred in prior years	25.2	-34.1
Incurred claims losses and expenses	**588.4**	**1,000.5**
Payments made on claims incurred in the current year	-176.3	-484.8
Payments made on claims incurred in prior years	-324.0	-492.0
Recoveries on claim payments	6.1	12.8
Claims payments made in the year, net of recoveries	**-494.2**	**-964.1**
Increase in provision due to passage of time	7.8	15.3
Other movements in the claims provisions	7.0	-1.1
Movement in claims provision recognised as expense	**109.0**	**50.6**
Other gross movements	13.9	-11.3
Total	**1,810.4**	**1,687.5**

1) The statement of changes in general insurance provisions excludes provision for unearned premiums and provision for unexpired risk

The effect of changes in assumptions was € -3.7 million for operational assumptions and € 11.7 million for economic assumptions. The changes in economic assumptions relate to the change in the Collateralised AAA curve. The other movements in the claim provisions include an increase € 7.0 million due to an addition to the IBNR for past years as a result of the recognition of new WGA-Own Risk contracts in which the prior-year risk is co-insured. A single premium has been received for this and so this increase in the IBNR should not be seen as a run-off of the cost of claims in prior years.

The Other gross movements of € 13.9 million are a transfer from Delta Lloyd Herverzekeringsmaatschappij to Delta Lloyd Schadeverzekering.

2.9.7. Pension obligations

On 5 June 2012, the European Union adopted the amendment to IAS 19. Delta Lloyd Group has decided to early adopt this amendment with effect from 1 January 2012. See section 2.6.1. Accounting policies for the impact of the change in accounting policy. The tables below are presented in accordance with this amendment.

Pension obligations for defined pension entitlements will be increased to the net balance of the investments if there is a surplus as it accrues to the members. The pension and post-retirement obligations of Delta Lloyd Group are therefore equal to the pension plan assets at the reporting date.

Since 2006, as a result of a reduction in the pension entitlements, part of the pension obligations have been capitalised and are being recognised in the income statement over a 13-year period. The balance still to be amortised at year end 2011 was € 6.1 million. Amortisation of past service pension costs is no longer allowed in the changed accounting policy, and so the costs are recognised directly in the income statement. Following the change in accounting policy, the pension obligations fell by € 6.1 million at year end 2011 from € 2,052.3 million to € 2,046.2 million. They increased by € 205.0 million during the first half of 2012, from € 2,046.2 million to € 2,251.1 million. The increase is mainly caused by a decrease in the discount rate from 4.50% to 3.55%, which was partially offset by a decrease of 0.5% in the swap interest rate.

The figures in the following tables are before tax.

Changes in other comprehensive income

In millions of euros	30 June 2012	31 December 2011
Actuarial g&l on pension obligations due to changes in financial assumptions	-291.1	-22.2
Actuarial g&l on pension obligations due to adjustment for funding agreement	120.2	-186.8
Actuarial g&l on pension obligations due to experience adjustments	26.6	36.6
Actuarial g&l on pension assets	-0.5	-1.0
Change in asset limit	0.5	-0.1
Total changes in other comprehensive income	**-144.3**	**-173.4**

Statement of changes in other comprehensive income

In millions of euros	30 June 2012	31 December 2011
At 1 January	-173.5	-
Actuarial g&l in the reporting period	-144.3	-173.5
At end of period	**-317.8**	**-173.5**

Sensitivity analysis of defined benefit obligations

In millions of euros	Impact on result before tax 30 June 2012	Impact on equity 30 June 2012	Impact on result before tax 31 December 2011	Impact on equity 31 December 2011
Interest rate risk +100 bps	-	278.9	-	262.4
Interest rate risk -100 bps	-	-279.1	-	-262.6

2.9.8. Provisions for other liabilities

Provisions for other liabilities		
In millions of euros	**30 June 2012**	**31 December 2011**
Restructuring provisions	25.9	32.5
Employee equity compensation plan	9.7	15.3
Other provisions	70.4	88.5
Total	**106.0**	**136.3**

During the first half of 2012 Delta Lloyd Group withdrew € 6.6 million from the reorganisation provisions mainly for the reorganisation at Delta Lloyd Germany (€ 5.8 million). The movement of € 18.1 million in the other provisions was mainly the release of the prudential provision of € 13.0 million at Delta Lloyd Groep Zorg.

2.9.9. Borrowings

In the first half year, Arena 2004-I was repaid on the first optional redemption date (€ 359.2 million). This repayment was completely funded by Delta Lloyd Levensverzekering and Delta Lloyd Bankengroep.

2.9.10. Discontinued operations and assets held for sale

The assets and liabilities classified as held for sale and of discontinued operations are as follows:

Assets and liabilities relating to assets held for sale		
In millions of euros	**30 June 2012**	**31 December 2011**
Investment property relating to Germany	22.3	22.3
Investment property relating to Belgium	4.9	4.9
Total	**27.3**	**27.3**

Delta Lloyd Group recognised the German activities as 'held for sale' in the 2011 interim report. This classification no longer applied at 31 December 2011. Delta Lloyd Group determined the selling price as it would have been on the basis of the terms and conditions in the contract of sale to Nomura. This calculation shows that market developments have affected the expected selling price to such extent that the probability of sale no longer meets the requirements of IFRS 5. The 2011 half year figures of the income statement have been restated accordingly.

2.10. Notes to the income statement

2.10.1. Details of income

Details of income first half year		
In millions of euros	**2012**	**2011**
Premiums earned		
Life	2,151.9	2,142.7
General	939.0	872.2
Gross written premiums	**3,091.0**	**3,014.9**
Premiums ceded to reinsurers		
Life	-15.6	-21.9
General	-79.9	-76.0
Net written premiums	**2,995.5**	**2,917.0**
Gross movement in provision for unearned premiums	-128.6	-108.5
Reinsurers' share of movement in provision for unearned premiums	20.3	18.0
Net movement in provision for unearned premiums	**-108.2**	**-90.6**
Net premiums earned	**2,887.3**	**2,826.4**
Net investment income		
Interest income	877.7	940.4
Net rental income	62.1	70.6
Dividends	284.8	251.4
Movements in the fair value of investments classified as held for trading	1.5	0.8
Movements in the fair value of investments classified as other than trading	1,133.7	-648.6
Realised gains and losses on investments classified as available for sale	93.8	91.0
Impairment of investments classified as available for sale	-94.9	-40.0
Reversal of impairment of investments classified as available for sale	0.1	-
Result from loans and receivables	-17.8	-2.2
Impairment of loans and receivables	-8.9	-9.6
Reversal of impairment of loans and receivables	6.7	3.6
Result from derivatives	392.0	82.2
Other investment income	-112.8	-46.9
Share of profit or loss after tax of associates	14.7	28.0
Total investment income	**2,632.7**	**720.9**
Fee and commission income		
Fee income from investment contract business	0.4	1.6
Fund management fee income	58.1	58.5
Other fee income	5.9	12.9
Total income from reinsurance premiums	17.3	14.9
Other commission income	31.9	27.4
Total fee and commission income	**113.7**	**115.3**
Other income	6.7	7.7
Total income	**5,640.2**	**3,670.2**

Other investment income consists mainly of the revaluation by € -114.6 million (half-year 2011: € -24.3 million) of the loan notes issued by the Arena and DARTS companies in relation to the securitised mortgage loans.

2.11. Contingent liabilities and other risk factors

There were no significant changes in contingent liabilities during the first half of 2012. The contingent liabilities are € 485.6 million (year end 2011: € 530.6 million).

There were no significant changes with respect to legal claims or claims for liability compared to the end of 2011 except for the legal proceedings with the Vereniging van Gepensioneerden. Retired Delta Lloyd Group employees, represented by Vereniging van Gepensioneerden van Delta Lloyd Groep, and two pensioners initiated proceedings against five companies of Delta Lloyd Group and the Group's pension fund before the sub-district court of Amsterdam in 2008. The plaintiffs claim they have acquired an unconditional right regarding indexation of their pensions which cannot be unilaterally terminated. The sum involved is over € 50.0 million. In 2010, the sub-district court ruled in favour of Delta Lloyd Group and rejected the claims, except on a non-financial component: the claims are rejected, except on a non financial component. On 12 June 2012, the Court of Appeal rejected the plaintiffs' claim on appeal. The plaintiffs have until 12 September 2012 to lodge an appeal with the Dutch Supreme Court.

2.12. Related party transactions

Delta Lloyd Group enters into various transactions with related parties in the normal course of business. Parties are considered related if one party has the ability to control or exercise significant influence over financial or operating decisions of the other. Related party transactions take place at arm's length. No material changes occurred during the first half of 2012.

2.13. Subsequent events

There are no subsequent events.

3. Review report

To the Shareholders, the Supervisory Board and the Executive Board of Delta Lloyd NV

Introduction
We have reviewed the accompanying condensed consolidated interim financial report of Delta Lloyd N.V., Amsterdam, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement for the six month period ended 30 June 2012, and the notes. Management is responsible for the preparation and presentation of these condensed consolidated interim accounts in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial report based on our review.

Scope of review
We conducted our review in accordance with Dutch law including Standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 1 August 2012

Ernst & Young Accountants LLP

Signed by M. Koning

4. Disclaimer

Certain statements in this interim financial report 2012 that are not historical information are "forward-looking statements". These forward-looking statements are based on management's understanding and assumptions 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 Group's control and all of which are based on management's current understanding and expectations about future events.

Forward-looking statements involve inherent risks and uncertainties and apply only on the date they were made. Delta Lloyd Group does not undertake to update any of the forward-looking statements in light of new information or future events, except to the extent required by law. A number of significant 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 Group. Such risks, uncertainties and other significant factors include: (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 Group 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 Group's underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd Group'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 Group's actual financial condition or results of operations could differ materially from those described herein as "anticipated", "believed", "estimated" or expected.

Please see the 2011 Annual Report for a description of factors, risks and uncertainties that could affect the business of Delta Lloyd Group.

The figures and tables in this interim financial report 2012 are unaudited but have been reviewed by the auditor.