Aligning strategy and capital under Solvency II

30 November 2015

delta lloyd

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I. Aligning strategy and capital

Hans van der Noordaa (CEO)

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Aligning strategy and capital: key priorities

Building on strong franchise

- Track record of commercial and operational strength
- Management team at full strength with planned appointment of Clifford Abrahams as CFO

Capital measures to support strategy under Solvency II

- Management decision to use Solvency II Standard Formula (SF)
- Target range set at 140-180%; SF ratio per Q3 2015 at 136%[1]
- Management actions taken to strengthen capital position, committed to deliver further actions
- Up to € 1,000m capital raise to reach near term SF ratio of 175-180% including the impact of management actions, at top of target range

Ongoing focus on capital generation and cash dividends

- Reduce solvency volatility and optimise risk-adjusted returns
- Focus on profitable, capital generative new business
- Manage back-books to optimise capital

Targeting Solvency II net capital generation of € 200-250m p.a. (consistent with 2015 YTD)[2]…

…with targeted full cash dividend of € 130m[3]

1. See slide 11 for further reference
2. See slide 25 for further reference
3. For 2016, subject to meeting internal solvency thresholds; interim dividend payable in 2016 and final dividend payable in 2017

Track record of commercial and operational strength

Strong franchise

- Diversified composite insurer across Life, General Insurance and Asset Management
- Strong multi-channel, multi-label distribution platform
- 4.2m customer base across the Netherlands and Belgium, with high customer satisfaction offering cross- and deep-sell opportunities

Commercial strength

- Leading position in chosen segments (e.g., market leader in The Netherlands in new DC sales[1])
- #1 position in group life IFA satisfaction[2]
- Strong combined ratio

Operational strength

- Consistent track record in cost management
- Leveraging technology to further improve distribution and efficiency

1. *Source: CVS*
2. *Source: IG&H Management Consultants*

Q3 results show robust progress

✓	Volume growth, especially in DC	NAPI DC: *+35%*[1]
✓	Increasing DC new business margins	Q3 2015: *3.1%*[2]
✓	Strong combined ratio	Q3 2015: *96.6%*[2]
✓	Cost discipline	Operating expenses Q3 2015: *€ 465m*[2]
✓	Higher operational technical result	Q3 2015: *€ 156m*[2]

Attributes of capital generation

1. *Period-on-period increase in NAPI for the nine months ended 30 September*
2. *Q3 2015 = nine months ended 30 September 2015*

Transitioning to Solvency II

Transitioning to Solvency II

- Reinforcing our capital position to support our strategy under Solvency II

Standard Formula

- Management decision to reduce model volatility by using Standard Formula
- Current interpretation including external review
- Standard Formula target range set at 140-180%
- DNB well informed and supportive for decision to switch to Standard Formula

Going forward

- Capital release remains a key priority
- Management actions taken to strengthen capital position, committed to deliver further actions

Capital management a key priority

Completed

- Longevity risk mitigated through two longevity hedges
- Disposal of non-core assets
  - *Delta Lloyd Bank Belgium*
  - *Delta Lloyd Germany*
- € 337m of equity capital raised in March 2015
- Restructured subordinated debt (FNO)
  - *grandfathered until 31-12-2018*

Reflected in Q3 SF ratio

Near term

- Exploring options for the sale of Van Lanschot stake
- Sale of commercial real estate
  - *office portfolio sold*
  - *sale of shopping centres portfolio in progress*
- Other optimisation opportunities

+ 10-15pp

Ongoing

- Accelerating shift to capital light products
- Optimising balance sheet / investment portfolio
- Strong focus on new business profitability
- Cost discipline

Proposed capital raise will strengthen capital base

Size

- Up to € 1,000m capital raise by way of rights issue
- Commitment to underwrite received for full € 1,000m amount[1]

Rationale

- Strengthen capital base supporting Delta Lloyd's financial position and strategy
- Proceeds used to significantly improve net cash position at holding company

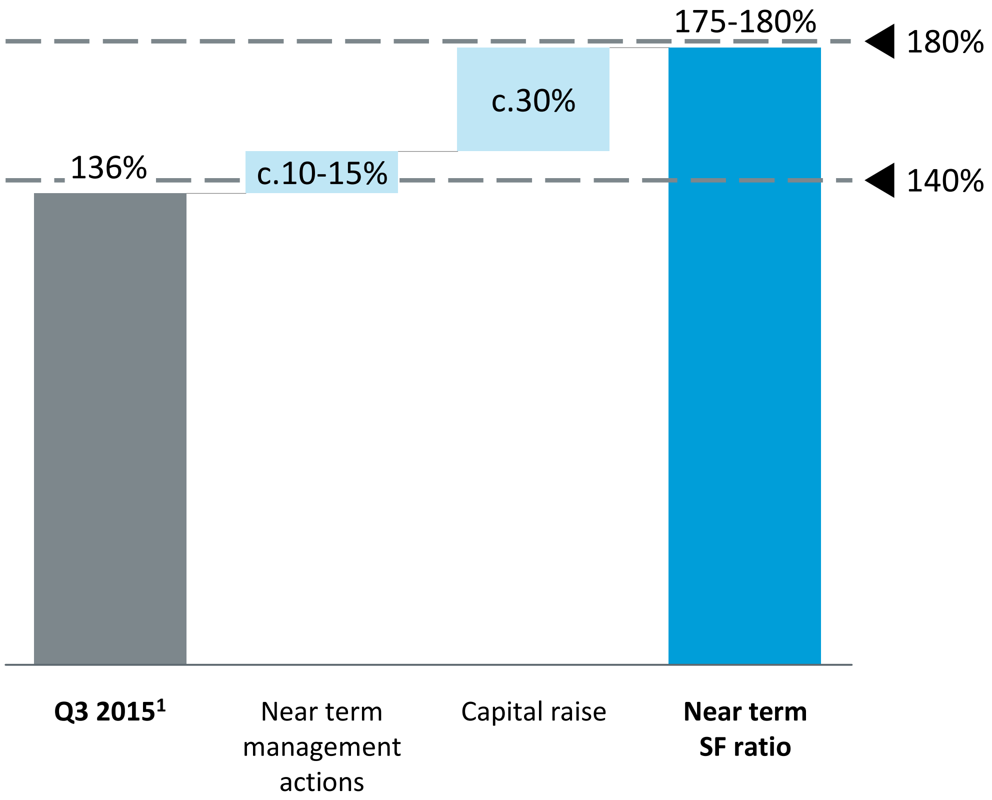
Timing

- Subject to EGM approval
  - *to be called in due course*
- Launch expected shortly after publication of FY 2015 results (24 February 2016)

1. *Subject to customary conditions*

Ensuring a robust Solvency II position

Standard Formula ratio



- Q3 2015 Standard Formula ratio based on current interpretation of Solvency II
- Near term management actions and rights issue expected to bring the near term SF ratio towards the top of our 140-180% target range
- Remaining uncertainties comprise a.o.:
  - *loss absorbing capacity of deferred tax (LAC DT)*
  - *UFR*
  - *government backed mortgages (NHG)*

1. *Delta Lloyd's current interpretation of Solvency II. Includes certain actions completed or to be completed in Q4. These include: sale of Delta Lloyd Germany and private equity, merger of properties within Delta Lloyd Leven, restructuring of FNO subordinated debt, impact of the September-2015 curve prescribed by EIOPA in October-2015 and transitional measures for equity type 1 and type 2*

Unlocking underlying capital generation to support full cash dividend

Capital at operating segments

- Operating segments adequately capitalised
- Surplus capital above commercial levels to be returned to holding

Insurance segments SF ratio at 161% (Q3 2015[1])

Improving net capital generation

- Clear focus on capital release
- Margin over volume
- Ongoing cost discipline: 2016 target for operating expenses set at € 610m (target for 2015 € 620m)

Targeting Solvency II net capital generation of € 200-250m p.a. (consistent with 2015 YTD)

Cash position at holding

- Maintain strong capital buffer in holding company to cover stress events
- Deploy in operating segments if capital accretive opportunities arise

Significantly improved net cash position post capital raise

Targeted full cash dividend of € 130m

1. *Includes certain actions completed or to be completed in Q4 and near term management actions. See slides 9 and 11 for further explanation*

Switch to full cash dividend

Dividend policy

- Switch to full cash dividend as from 2016
  - *premium on stock dividend removed*
  - *dilutive effect of future stock dividend neutralised through share repurchase*
- Targeting € 130m cash dividend for 2016[1]
- Dividend policy from 2017 onwards will be presented at Investor Day
- Final 2015 dividend suspended

Dividend supported by capital generation and cash position

- Targeting Solvency II net capital generation of € 200-250m per annum
- Operating segments adequately capitalised
- Capital raise will improve cash position of holding

1. *Subject to meeting internal solvency thresholds; interim dividend payable in 2016 and final dividend payable in 2017*

Key initiatives to improve capital generation:
Life Segment

Focus on capital light products

- Group life strategy focused on capital light products
  - *new business focus on DC (54% market share new business H1 2015[1]) and PPI*
  - *very limited new business in DB book*
  - *lower appetite for direct annuities*
- Strong focus on pricing leads to improved new business margin
  - *NBM of new DC contracts improved to 3.1% in Q3 2015 from 2.7% in Q3 2014[2]*
- Move to unit-linked and protection, away from guaranteed products (Belgium)

Leverage leading distribution strength

- Retain #1 position in group life IFA satisfaction survey[3]
- Further increase IFA satisfaction: from 6.8 (2008) to 7.6 (2014)[3]

Capital and cost efficiency

- Clear focus on capital release
- Continued improvement in cost efficiency (back book cost reduction target of 10% in 2016)

1. *Source: CVS, latest available data*
2. *Q3 = nine months ended 30 September*
3. *Source: IG&H Management Consultants*

Key initiatives to improve capital generation:

General Insurance, Asset Management and Bank Segments

General Insurance

- Solid contribution to Solvency II capital generation and diversification
- Leading combined ratio driven by focus on pricing, efficiency and claims management
- Retail business supported by digitalisation and customer retention
- Commercial business supported by economic recovery and strong position in niche markets
- Build on #1 position in satisfaction of authorised agents[1]

Asset Management

- Instrumental in optimising the balance sheet in a Solvency II world
- Key in managing proprietary assets
- Focus on selective third party and institutional funds (e.g. fixed income)
- Solid stream of fee and commission income

Bank

- Efficient origination of mortgages with low LTVs and long fixed interest rate duration
- Targeted producer of bank annuities on a selective basis

1. *Source: IG&H Management Consultants*

II. Solvency II transition

Annemarie Mijer (CRO)

Optimising the balance sheet for Solvency II

Standard Formula

- Standard Formula for capital requirements
- Target range for Standard Formula ratio set at 140-180%
- Resilience of Internal Model to be improved during 2016

Transitioning into Solvency II

- Balance sheet historically optimised for IGD
- Increased capital requirements due to risk weighting of assets under Solvency II

Further optimisation of Solvency II balance sheet

- Strategic asset mix based on Solvency II risk adjusted return
- Reducing balance sheet volatility under Solvency II key priority
  - *optimising asset portfolio against Volatility Adjustment reference portfolio*
  - *optimising interest rate risk profile*
- Ongoing focus on capital release

Internal Model to be improved, switch to Standard Formula

Standard Formula

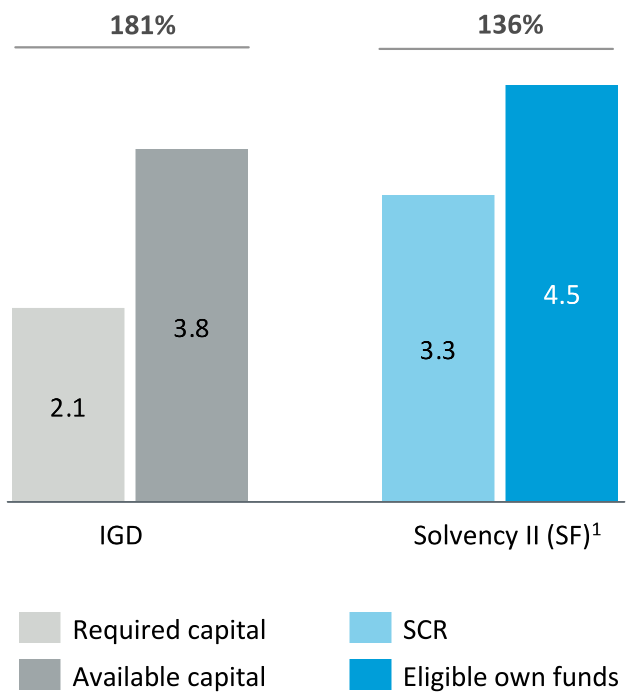
- Decision to use Standard Formula due to observed model volatility in Internal Model
- Rules, regulation and market practice are still evolving

Internal Model

- Ongoing improvement of the Internal Model (with independent third party advice)
  — *focus on model stability*
- Review of Internal Model over next year

Solvency I to Solvency II: from volume-based to risk-based

Solvency ratio (Q3 2015, €bn)

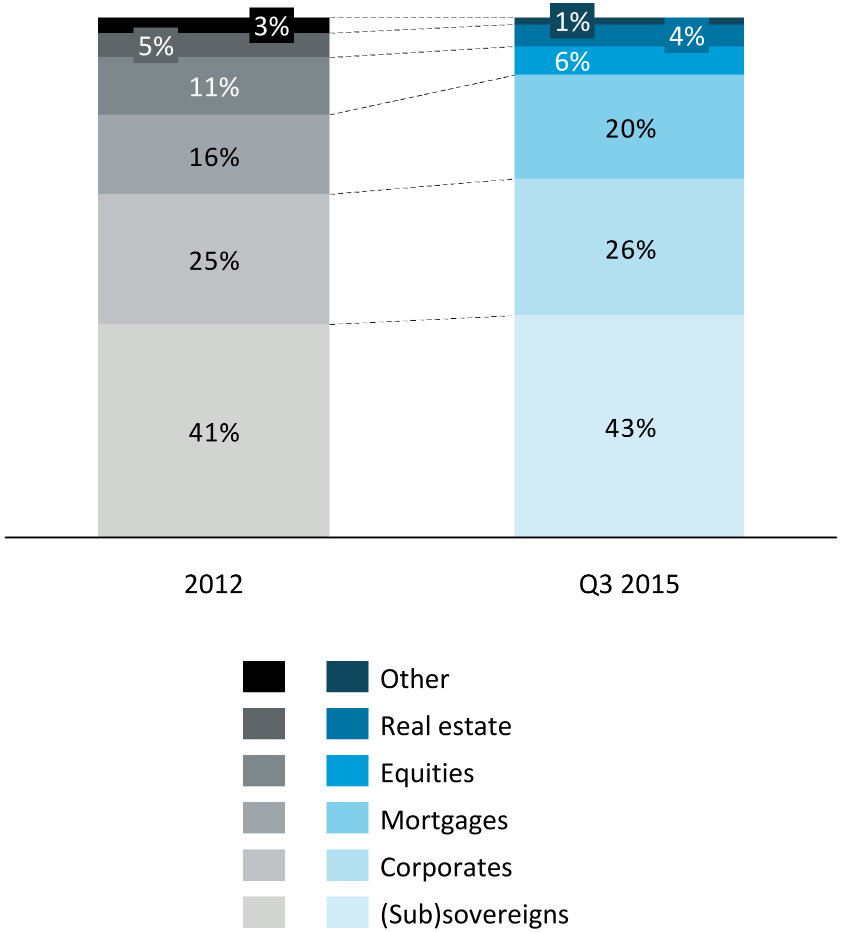


- Balance sheet was optimised for IGD
  — *mark-to-market accounting*
  — *new business originated based on ability to hold certain risky assets*
- Dynamics are changing under Solvency II
- Required capital increases from 4.0% of IFRS technical reserves under IGD, to 6.4% under Solvency II
- Solvency ratio's after management actions and capital raise:
  — *Solvency II (SF): 175-180%*[1]
  — *IGD: >225%*[2]

1. *Includes certain actions completed or to be completed in Q4 and near term management actions. See slides 9 and 11 for further explanation*
2. *IGD ratio includes proceeds of sale of Delta Lloyd Germany and impact of capital raise*

Ongoing optimisation of asset mix

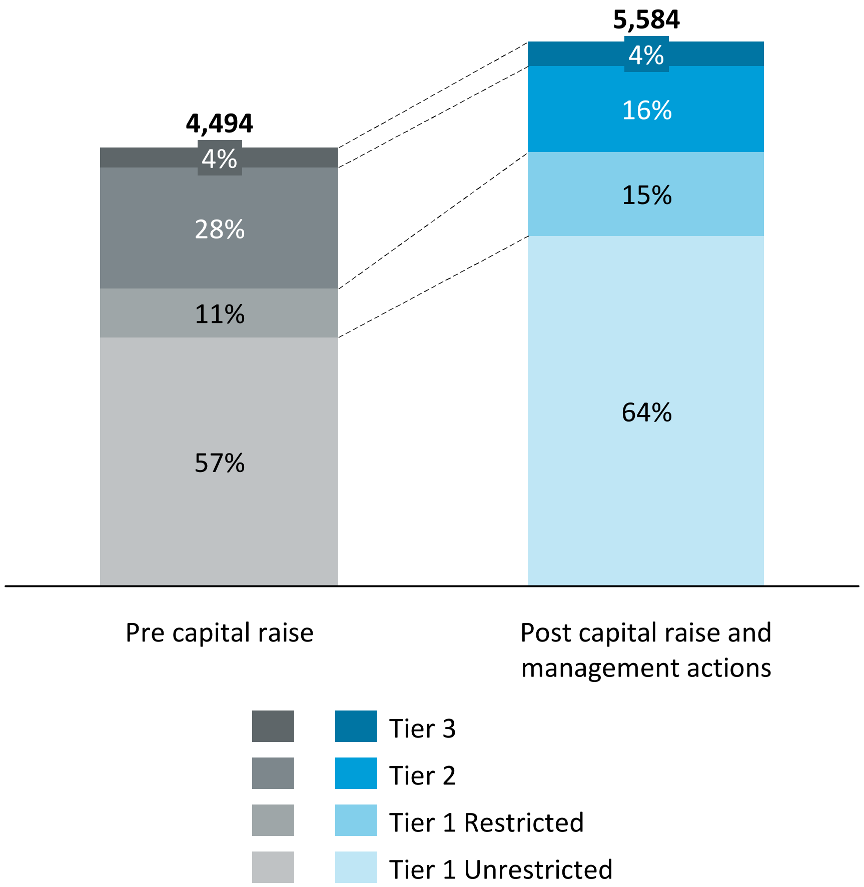
Asset mix evolution



- Reduction of riskier assets with a relatively low Solvency II risk adjusted return
  - *commercial real estate*
  - *equity*
- Increase of assets that match liability profile and have relatively high Solvency II risk adjusted return
  - *fixed income*
  - *mortgages*
  - *residential real estate*
- Ongoing optimisation of asset mix
  - *volatility adjustment*
  - *hedging*

Quality of available capital improves post capital raise

Eligible own funds (Standard Formula, Q3 2015[1], €m)

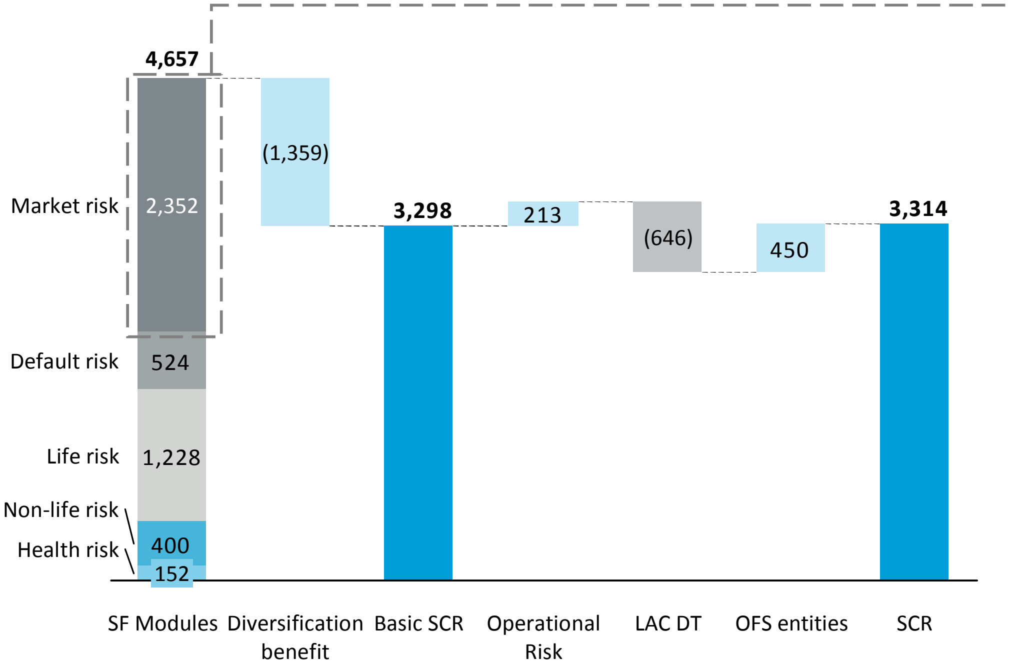


- Capital raise increases Tier 1 Unrestricted
- Tier 1 Restricted composed of FNO loan and subordinated perpNC10 loan
- Tier 2 composed of other subordinated loans
- Tier 3 composed of deferred tax assets
- Limited non-eligible own funds after capital raise

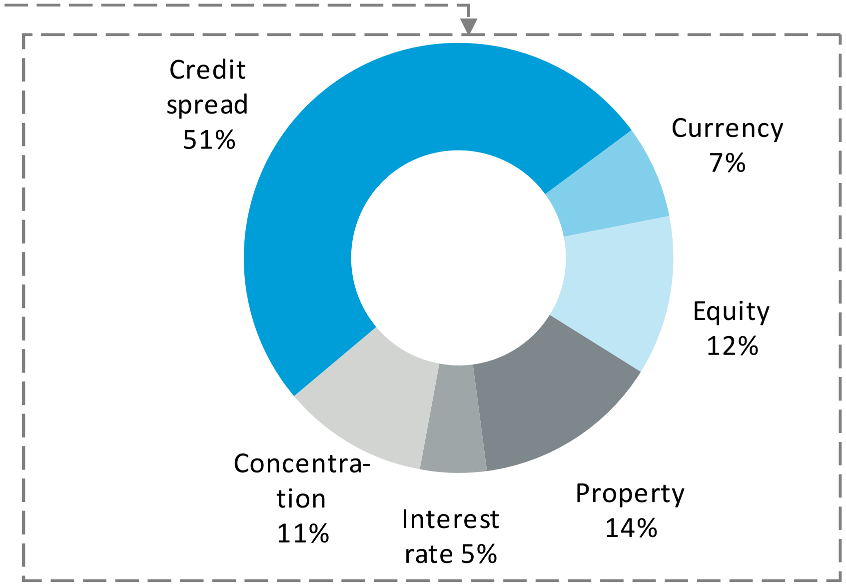
1. *Includes certain actions completed or to be completed in Q4 and near term management actions. See slides 9 and 11 for further explanation. Percentages may not add up to 100% due to rounding*

Credit spread risk largest component of required capital

SCR (SF, Q3 2015[1], €m)



Market risk (SF, Q3 2015[1])



- Industry wide discussion with Dutch regulator on use of LAC DT
  — *each € 100m reduction of LAC DT recoverability would reduce SF ratio by c.5pp per Q3 2015 (post capital raise and management actions)*

- Transitional measures for equity (5pp[2]) fully reflected in Q3 2015
  — *2pp[2] will run off in Q1 2016*
- Shift in business mix will lead to capital release over time

1. *Includes certain actions completed or to be completed in Q4 and near term management actions. See slides 9 and 11 for further explanation*
2. *Before capital raise and management actions*

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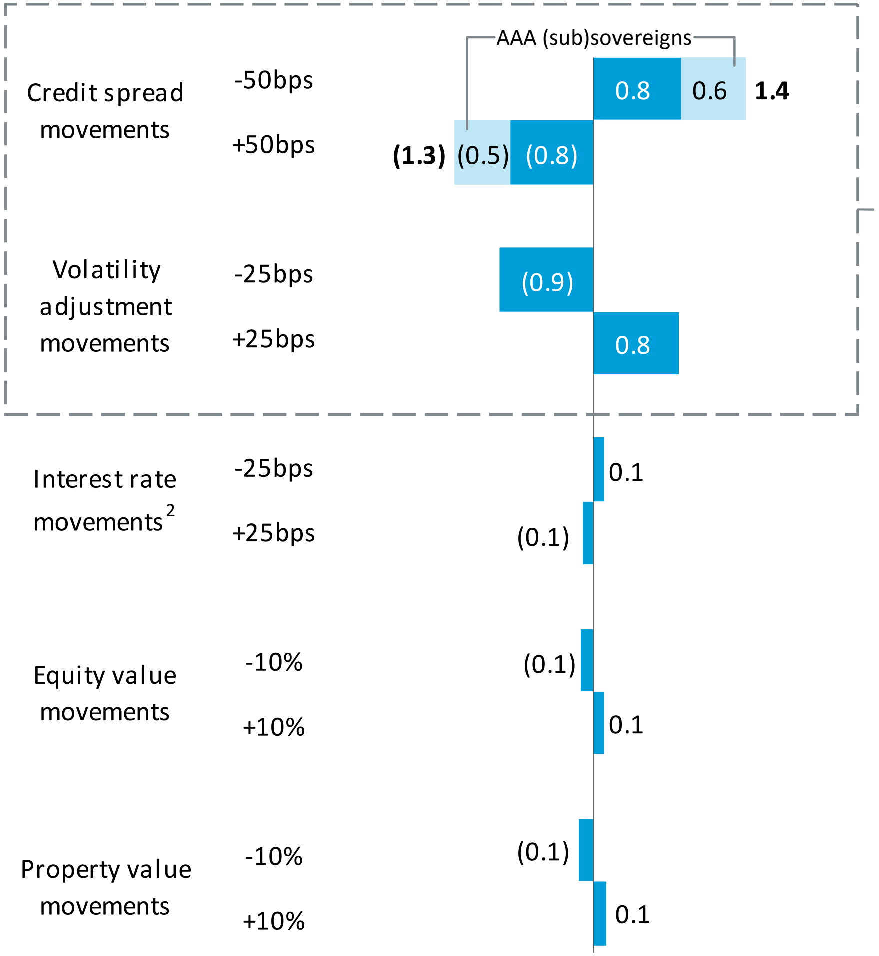
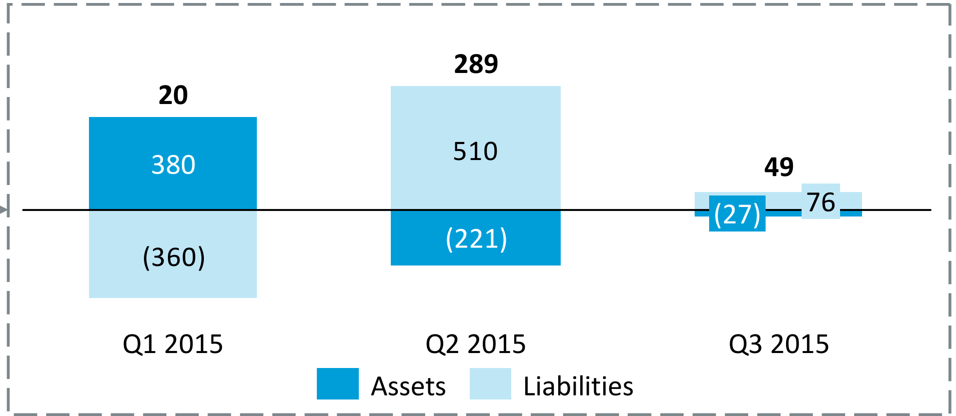
Volatility Adjustment allows reduction of balance sheet volatility

Sensitivities on available own funds[1] (Q3 2015, €bn)



Observed impact of credit spread and volatility adjustment movements on available own funds of Delta Lloyd Leven (€m)



- Quarterly development shows mitigating impacts of credit spread movements on assets and liabilities
- Further reduction of balance sheet volatility through improved matching of asset portfolio with Volatility Adjustment currently investigated
- Reduction of UFR to 3.2% would reduce SF ratio by 27pp per Q3 2015

1. *Sensitivities show impact on available own funds, excluding effects on eligibility and recoverability of tax*
2. *Parallel movements with fixed UFR. Dampening impact of changes of risk margin not captured in sensitivities*

Operating segments adequately capitalised

Standard formula ratio (Q3 2015)

	SF ratio
Insurance segments[1]	161%
Life[1]	160%
GI[2]	166%
OFS entities	114%

- Insurance segments adequately capitalised
  - *commercial purposes*
  - *rating agencies requirements*
- Common Equity Tier 1 ratio Bank[3] at 14.8%
- Geographic focus allows for capital fungibility between Holding and operating segments

1. *Before elimination of minority interest of ABN Amro Insurance, excluding inter-entity diversification. Includes Delta Lloyd Leven and Delta Lloyd Life Belgium*
2. *Before elimination of minority interest of ABN Amro Insurance, excluding inter-entity diversification*
3. *Based on Basel III phase in including profits*

Capital generation under Solvency II

Components of net capital generation

Value New Business Life

Technical results Group (excluding Life)[1]

Expected excess return 45-50bps[2]

Movement in required capital and risk margin

Market volatility and operational variances

Targeting Solvency II net capital generation of € 200-250m p.a. (consistent with 2015 YTD)

1. *Includes Corporate and Other activities*
2. *Return above Solvency II curve (incl. VA and CRA), based on 1y forward rate; in line with Q3 2015; excl. finance costs on external debt; pre-tax*

Transitioning to Solvency II

Optimisation of our balance sheet to maximise risk-adjusted returns

Reduction of volatility under Solvency II is a key priority

Ongoing focus on capital release

Operating segments adequately capitalised, high capital fungibility

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III. Concluding remarks

Hans van der Noordaa (CEO)

Aligning strategy and capital under Solvency II

Reinforced capital position after today's announced measures

Strong franchise with ambition to
- excel in fulfilling customer needs
- excel with business partners in multi-channel distribution
- leverage technology

Focus on profitable, capital generative new business

Targeting € 130m cash dividend for 2016

Ongoing balance sheet optimisation to reduce volatility and improve risk-adjusted returns

Committed team to unlock value potential of strong franchise