Good progress on capital and cash

- Good progress on capital plan enabled a Solvency II Standard Formula (SF) ratio of 173% (year-end 2015: 131%)
- Solvency II net capital generation was € 66 million, after impact of exceptional weather of € 33 million, equivalent to underlying net capital generation of € 99 million
- Holding company cash structurally improved to € 592 million (year-end 2015: € -319 million)
- Mixed operational performance, gross operational result down -39% to € 320 million, including the negative impact of exceptional weather of € 44 million (half-year 2015: € 527 million)
- Focus on improving business performance and delivering on capital generation, on track to reduce costs to below € 560 million in 2018
- Cash interim dividend of € 0.10 per ordinary share

Hans van der Noordaa, chairman of the Executive Board:

"I am pleased with the progress of our capital plan and cash position. With our SF ratio at 173%, we are now in the upper half of our target capital range. Our operational performance was impacted by the exceptional rain and hailstorm in June, which hit many of our clients hard. We are doing everything possible to support them, together with our business partners. Our business is solid, but it is clear that we need to further improve our operational performance. We are taking steps to exit unprofitable market segments and reduce costs to drive profitable growth."

Key performance indicators[1]

(in millions of euros, unless otherwise stated)	half-year 2016	half-year 2015	Change
Solvency II Standard formula (SF) ratio	173%	131%[2]	42pp
Solvency II net capital generation	66	-	n.a.
Holding company cash	592	-319[2]	286%
Interim dividend per share in euro	0.10	0.21[3]	-51%
Gross operational result	320	527	-39%
Operational expenses	299	312	-4%
Shareholders' funds	3,793	2,569[2]	48%
Solvency II Life value new business	20	n.a.	n.a.
Solvency II NAPI	267	296	-10%
Combined ratio	105.9%	96.8%	9.1pp
GWP General Insurance	834	776	7%

[1] KPIs are expressed after the effect of exceptional weather of € 44 million equivalent to € 33 million post tax

[2] Compared to year-end 2015

[3] Based on the number of ordinary shares outstanding at 30 June 2016

Strategic and business overview

During the first half, we made good progress on the execution of our capital plan and substantially improved the group's capital position. We are pleased that our shareholders supported the € 650 million rights issue. Additionally, we delivered on management actions including the sale of our shareholding in Van Lanschot. Together, this enabled a Solvency II SF ratio of 173% (year-end 2015: 131%), which is in the upper half of our target capital range of 140-180%. Solvency II net capital generation during the period was € 66 million, after the effect of exceptional weather, equivalent to underlying net capital generation of € 99 million. Furthermore, we structurally improved the holding company cash position to € 592 million (year-end 2015: € -319 million), supported by strong cash remittances from our businesses.

The environment remains challenging, with volatile markets, low interest rates and EIOPA's pending review of the ultimate forward rate (UFR) methodology. Consequently, we continue to focus on securing our capital position, including the implementation of the Partial Internal Model (PIM). The project is on track, with an experienced and dedicated team preparing to introduce the PIM in 2018.

In addition to strengthening our capital position, our management priorities for 2016 are to further improve our business performance and be the preferred insurer for our customers and business partners. While our businesses are solid, operational performance needs further improvement. In General Insurance, we had a € 44 million impact on claims due to the exceptional rain and hailstorm in the south of the Netherlands at the end of June. Nonetheless, our underlying COR of 99.1% was disappointing. We are taking action to improve profitability in General Insurance, by reducing costs, adjusting prices and exiting unprofitable market segments. In Life, our distribution is strong and we are progressing with the shift from DB to capital light DC products, but DC margins need to improve. It is essential that we continue to build profitable volume on an efficient platform.

For the benefit of our customers we made further steps in online services. Nearly 400,000 Delta Lloyd customers now have registered for online access to their personal product information. For our OHRA customers we introduced claims handling via WhatsApp. We started customer service via WhatsApp for Delta Lloyd customers, which will also be rolled out to financial advisors. The introduction and licensing of the general pension fund (APF) is taking somewhat more time than we anticipated. However, we are positive about its prospects and there is clear interest from potential clients for this new pension offering.

Reflecting our improved capital and cash positions, we will pay a cash interim dividend of € 0.10 per ordinary share or € 46 million, which represents progress towards our total targeted dividend of € 130 million for the year 2016.

Outlook

We have an ongoing commitment to continue building a resilient capital position, including the implementation of a PIM in 2018, given the volatile financial markets and regulatory developments. We are committed to delivering on the targeted Solvency II net capital generation of € 200-250 million per year. Operational cost discipline is essential to improve profitability and our target is to bring costs below € 560 million in 2018. We expect the introduction of the Delta Lloyd APF will contribute to building profitable volume in a sizeable market.

Capital management

- Solvency II Standard Formula (SF) solvency ratio increased to 173% (year-end 2015: 131%)
- Solvency II net capital generation was € 66 million, after impact of exceptional weather of € 33 million, equivalent to underlying net capital generation of € 99 million
- Holding company cash improved to € 592 million (year-end 2015: € -319 million)

SF solvency ratio

At 30 June 2016, the SF solvency ratio equalled 173% (year-end 2015: 131%). This is in the upper half of our target capital range, reflecting the successful rights issue and the impact of management actions.

Solvency II - Standard Formula

(in millions of euros)	Half year 2016	Year end 2015	Change
Avaliable Own funds	5,099	4,039	26%
Non eligible Own funds	0	118	-100%
Eligible Own funds	5,099	3,920	30%
Required Economic Capital	2,943	3,001	-2%
Surplus/Deficit	2,156	919	135%
SF ratio	173%	131%	42pp

More specifically, the rights issue increased the SF solvency ratio with around 27pp and the completed programme of management actions positively impacted the SF solvency ratio with around 20pp. Completed management actions include reduced equity, currency and credit spread exposures, treasury restructuring, the sale of our shareholding in Van Lanschot, and modelling enhancements in Belgium.

Net capital generation delivered an increase of around 2pp, or € 66 million, after the impact of exceptional weather of € 33 million. The run off regarding the equity transitionals resulted in a decrease of around 3pp in the first half, alongside the interim dividend with a 2pp reduction. During the period, market movements had a modest overall impact on the SF solvency ratio with adverse movements experienced during the first quarter largely reversed by positive movements in the second quarter.

Market movements during the second quarter mainly consisted of an increase in the market value of our fixed income portfolio, following decreased spreads on AAA and AA rated sovereign bonds, relating to the 'safe haven' effect following the Brexit referendum. Market movements during July, which included a further decrease in the volatility adjustment and increasing sovereign bond spreads, are expected to partly reverse the 'safe haven' credit spread movements observed in the second quarter of 2016. We are continuing to work with our reinsurance partners in respect of the possible restructuring of our longevity hedge to safeguard and further optimise its capital benefits. The sensitivity of our capital position to movements in financial markets was reduced during the period reflecting, in particular, our programme of equity, currency and credit derisking and reduced non-eligible capital. However, our capital position would be adversely impacted in the event of a reduced UFR pursuant to EIOPA's pending review. We will continue to focus on the level and resilience of our capital position, given ongoing volatile market conditions and regulatory developments.

Net capital generation

Solvency II net capital generation was € 66 million, after the impact of exceptional weather of € 33 million, which is equivalent to underlying net capital generation of € 99 million.

Net capital generation, by segment

(in millions of euros)	half-year 2016
Total net capital generation	**66**
Life	123
General Insurance	-34
Asset Management	3
Bank	0
Corporate & other activities	-26

We are committed to delivering on our target of net capital generation of € 200-250 million per year. We expect our net capital generation going forward to be adversely impacted by ongoing low interest rates as well as the effect of our derisking programme. We are focused on building further net capital generation through continued cost reduction, refined strategic asset allocation and improved business performance. Our investment strategy is focussed on optimising the expected return of the portfolio, while maintaining an appropriate risk profile. An example of this is the purchase of a € 500 million portfolio of Dutch residential mortgages from Rabobank in July, which complements Delta Lloyd’s own origination of mortgages.

Capital position Bank

At half year, the bank’s CET 1 ratio was 12.9% (half-year 2015: 14.4%). In the second half we plan to increase CET 1 capital at the bank, reflecting increasing regulatory requirements. Capital actions are expected to include converting the bank’s existing internal subordinated debt to equity, a capital injection from the Holding of up to € 10 million and further optimising mortgage risk weighted assets and improving profitability. In the medium term, we expect the bank to return to paying a dividend.

Holding company cash

Holding company cash has increased to € 592 million (year-end 2015: € -319 million), largely reflecting the proceeds of the rights issue as well as the redemption of a subordinated loan of former Bank Belgium, and the proceeds of the sales of Van Lanschot and Private Equity, combined with strong cash remittances from our businesses.

Holding company cash

(in millions of euros)	half-year 2016	year-end 2015	Change
Opening net cash position	**-319**	**-558**	**43%**
Remittances from businesses	206	196	
Capital injection and loans to subsidiaries	-	-84	
Corporate and other activities	815	565	
Acquisitions / divestments	182	228	
Borrowings / Issue of ordinary shares	633	337	
HoldCo expenditure	-110	-437	
HoldCo finance costs	-40	-70	
HoldCo costs	-57	-70	
Other	-13	-185	
Cash dividend pay-out	-	-113	
Ending net cash position	**592**	**-319**	**286%**

Delta Lloyd has put in place a € 600 million Revolving Credit Facility ('RCF'). It is a five year standby facility and will increase our financing flexibility.

S&P rating

On 23 March 2016, Standard & Poor’s affirmed the ‘A-‘rating on Delta Lloyd Levensverzekering NV and Delta Lloyd Schadeverzekering NV. The rating on Delta Lloyd NV was affirmed at BBB and the rating on Delta Lloyd Treasury BV was lowered to BBB from BBB+. The S&P rating outlook for each of these ratings is negative.

Transition to Solvency II metrics

The introduction of Solvency II in 2016 required all insurers, also Delta Lloyd, to evolve our reporting metrics to align with Solvency II requirements. This involved the introduction of important new metrics, refining existing metrics and some changes to our approach to IFRS reporting. Refer to financial tables on page 14 for more details regarding Solvency II net capital generation and Solvency II value of new business.

Following our periodic review on the valuation of liabilities under IFRS, we adopted the Solvency II curve as our IFRS discount curve, which gives a better and more stable market representation than the Collateralised AAA curve did. We also reviewed other valuation differences between the IFRS and Solvency II balance sheets. As a result, we refined the calculation methodology of the longevity provision to align with the expected cash flow profile used under Solvency II as opposed to scaling the tariff provision.

Moreover, in the second half of the year, we plan to finalise our work on the IFRS operating result approach, in order to align the IFRS investment spread with the expected return approach under Solvency II net capital generation.

Financial overview

- Gross operational result decreased to € 320 million (half-year 2015: € 527 million)
- Net IFRS result increased to € 925 million (half-year 2015: € -533 million)
- Shareholders' funds at € 3.8 billion (year-end 2015: € 2.6 billion)
- Cost savings on track: operational expenses at € 299 million (half-year 2015: € 312 million), on track for 2016 target of € 610 million

Gross operational result decreased to € 320 million (half-year 2015: € 527 million), impacted by a lower mortality result and the exceptional weather in the south of the Netherlands in June. The lower investment spread of € 295 million (half-year 2015: € 402 million) reflected equity derisking and higher required interest reflecting interest rates at the beginning of the relevant period.

The net IFRS result was € 925 million (half-year 2015: € -533 million), which included the effect of adopting a new IFRS discount curve. Shareholders' funds increased by 48% to € 3.8 billion (year-end 2015: € 2.6 billion). This was mainly due to the positive net IFRS result and the rights issue, offset by higher liabilities of Delta Lloyd's own pension fund due to lower interest rates.

Operational and IFRS result

(in millions of euros)	half-year 2016	half-year 2015	Change
Operational technical result	25	124	-80%
Life	42	64	-34%
General Insurance	-32	28	-217%
Asset Management	3	14	-76%
Bank	24	28	-14%
Corporate and other activities	-13	-10	-26%
Investment spread	295	402	-27%
Direct yield	596	643	-7%
Cost of liabilities	-301	-241	-25%
Gross operational result	**320**	**527**	**-39%**
Market volatility	1,117	-977	214%
Movement assets	4,522	-1,235	n.m.
Movement liabilities	-3,405	258	n.m.
Provision onerous contracts for subsidiaries sold	-	-229	100%
Other	-141	-33	n.m.
Tax and minority interests	-370	180	n.m.
Net IFRS result	**925**	**-533**	**274%**

Market volatility amounted to € 1,117 million, reflecting a positive credit spread (or 'safe haven') effect of c.€ 658 million following the result of the Brexit referendum and an asset value impact of around € 369 million on own pension assets. The total impact of changes in the IFRS discount curve (€ 326 million) reflected the new approach as well as market movements. Furthermore, we refined the calculation methodology of the longevity provision (impact € -331 million).

Delta Lloyd operates defined benefit pension arrangements on behalf of its current and former employees. The principal scheme in the Netherlands is well funded and with investments broadly matching its long term liabilities. As a consequence, the increase in actuarial liabilities during the period, reflecting lower interest rates and credit spreads, were offset by increased values of own pensions assets and the scheme remains well funded.

Operational expenses in the first half amounted to € 299 million (half-year 2015: € 312 million), which is in line with the target of € 610 million set for 2016. Non-operational expenses of € 54 million (half-year 2015: € 67 million) included costs relating to our work on the PIM and the sale of our shareholding in Van Lanschot. In 2015, non-operational expenses were negatively impacted by the DNB fine.

Life Insurance

- Value of new business (SII VNB) was € 20 million
- SII New business margin (SII NBM) was 1.8%
- SII NAPI decreased by 10% to € 267 million
- Net capital generation was € 123 million

Life insurance

(in millions of euros)	half-year 2016	half-year 2015	Change
SII Value of new business	20	-	n.a.
The Netherlands	5	-	n.a.
Belgium	15	-	n.a.
SII New business margin	1.8%	-	n.a.
The Netherlands	0.7%	-	n.a.
Belgium	3.5%	-	n.a.
New annualised premium income (NAPI)	267	296	-10%
The Netherlands	89	112	-21%
Belgium	178	183	-3%
New annualised premium income (NAPI)	267	296	-10%
Individual life	79	99	-20%
Group defined benefit	120	120	0%
Group defined contribution	68	76	-11%
Insurance liabilities for operational result	38,956	34,975	11%
Operational technical result	42	64	-34%
Investment spread	305	411	-26%
Gross operational result	347	475	-27%
Net capital generation	123	-	n.a.

At half-year, Life SII VNB was € 20 million. This included a corrected SII VNB for the first quarter of € 14 million, while the SII VNB for the second quarter was € 6 million. The first quarter SII VNB figure was corrected due to model adjustments, more details can be found on page 15 of this press release. Taking into account a capital strain of € 26 million, the impact on net capital generation was € -6 million during the period. SII NBM was 1.8%, reflecting low profitability of DC pensions in the Netherlands and strong margins on protection business in Belgium. We are taking action to improve the value of new business and corresponding margins, which include, optimising pricing, business mix and cost efficiency within the Life business.

In the first half of 2016, SII NAPI decreased by 10% to € 267 million (half-year 2015: € 296 million). In the Netherlands, we are a top three insurer in group pensions (based on GWP), which reflects our distribution power, and we remain market leader in new DC pensions. The pension market for new business contracts contracted this year, as no new pension legislation was introduced, but our market share for new business remained intact. SII NAPI for DC decreased by 11%. SII NAPI for DB products remained stable compared to the previous year, reflecting the impact of renewals. Clients mostly choose to continue their DB contract for a one year period and at an adequate level of profitability. The majority of the DB renewals are transferred to a DC or PPI scheme. In Belgium, SII NAPI decreased by 3%, impacted by our lowering the guaranteed interest rates.

The gross operational result decreased by 27% to € 347 million (half-year 2015: € 475 million) due to a lower mortality result and a significantly lower investment spread. The lower investment spread reflected equity derisking and the effect of higher required interest.

Net capital generation equalled € 123 million, which primarily reflected the expected return on the asset portfolio and the run-off of both the required capital and risk margin.

We made steps in improving our online services for the benefit of our customers, such as the roll out of “my Delta Lloyd”. In the first half year, Delta Lloyd was again ranked as the number one pension insurer by independent financial advisors. We applied for a license for a general pension fund (APF) in January 2016. We are well prepared to service our clients as soon as we receive this licence, which we expect later this year. Pension funds, employers and financial advisors have shown clear interest in this new pension offering.

General Insurance

- Combined ratio (COR) increased to 105.9% (half-year 2015: 96.8%), after the effect of claims for exceptional weather of 6.8pp
- GWP 7% higher at € 834 million (half-year 2015: € 776 million)
- Net capital generation was € -34 million
- Partnership Voogd & Voogd to supply general insurance products will positively impact COR

General insurance

(in millions of euros unless otherwise stated)	half-year 2016	half-year 2015	Change
Combined ratio	105.9%	96.8%	9.1pp
Property and casualty	111.3%	99.0%	12.3pp
Income protection	78.6%	86.3%	-7.7pp
Gross written premiums	834	776	7%
Property and casualty	684	628	9%
Income protection	150	148	1%
Operational technical result	-32	28	-217%
Net earned premium	654	619	6%
Benefits and claims	-498	-412	-21%
Expenses and commissions	-188	-180	-4%
Investment spread	15	21	-30%
Gross operational result	-17	49	-135%
Net capital generation	-34	-	n.a.

The combined ratio (COR) increased to 105.9% (half-year 2015: 96.8%). The COR in Income protection improved by -7.7pp to 78.6%, reflecting positive prior year claims development. The COR in Property and casualty rose 12.3pp to 111.3%, reflecting a number of large fire claims and claims due to exceptional rain and hailstorm that hit the south of the Netherlands in June. We supported customers hit by this exceptional weather, through extra staff, site visits, personal attention and brought in additional repair capacity particularly when it concerned agricultural businesses and cars. The exceptional weather claims had a financial impact of € 44 million, equivalent to 6.8pp on the overall COR of 105.9%. The underlying COR, adjusted for the exceptional weather impact, was 99.1% in the first half of 2016. This did not meet our target and was disappointing.

We have completed a review of our product portfolio and, as illustrated on our investor day, we are taking disciplined action to ensure that each general insurance product line delivers an acceptable return. We will do so by reducing costs, adjusting prices and exiting unprofitable market segments. We will also form partnerships in specific areas to achieve further process efficiencies, such as the partnership we entered into with Voogd & Voogd to supply general insurance products. We expect this partnership will have a positive impact on the combined ratio for personal general insurance products in the future.

Net promoter scores by our customers for GI commercial improved in the first half, reflecting the improvements in customer processes, particularly in digitalisation. The new WhatsApp service is one of the drivers for the continued increase in Net promoter scores for OHRA. ABN Amro Verzekeringen's personal liability insurance was rated 'Best tested' by the Dutch Consumers' Association (De Consumentenbond).

The increase in GWP in General Insurance was mainly attributable to acquisition of portfolios through Authorised Agents. The gross operational result decreased to € -17 million (half-year 2015: € 49 million) due to the effect of the exceptional weather and several large fire claims. The lower investment spread reflected the effects of equity derisking and higher required interest. Net capital generation was € -34 million, after the negative impact of exceptional weather of € 33 million.

Asset Management

- Total assets under management increased by 6% to € 74,251 million
- Operational result decreased to € 3 million (half-year 2015: € 14 million)
- Net capital generation was € 3 million

Asset management

(in millions of euros)	Half year 2016	Half year 2015	Change
Net inflow new money	-446	62	n.m.
Institutional	-155	269	-158%
Third party	-290	-207	-40%
Total assets under management (compared to year-end 2015)	74,251	70,012	6%
Own risk	50,397	46,221	9%
Third party	23,854	23,791	0%
Operational technical result	3	14	-76%
Fee and commission income	48	57	-16%
Fee and commission expenses	-22	-22	2%
Operational expenses	-23	-20	-12%
Gross operational result	3	14	-76%

In the Asset Management segment, the outflow of third party funds was € -446 million, reflecting the negative effects of the Morning Star downgrade of the mutual funds and the fine imposed by the AFM in 2015. We increased our focus on institutional rather than retail clients.

Delta Lloyd's total assets under management increased to € 74.3 billion (Year-end 2015: € 70.0 billion), due to an increase in fixed income markets. As part of our derisking strategy, we continued the shift in asset allocation from equity to fixed income, mortgages and residential real estate. Gross operational result was down to € 3 million (half-year 2015: € 14 million), due to lower fee and commission income based on a revised agreement between Asset Management and internal clients, derisking and third party outflows. The corresponding net capital generation was € 3 million.

Bank

- Production of new mortgages nearly doubled to € 617 million (half-year 2015: € 392 million)
- Gross operational result decreased to € 24 million (half-year 2015: € 28 million)

Bank half year 2016 compared to year-end 2015

(in millions of euros)	half-year 2016	year-end 2015	Change
Mortgage portfolio	13,419	13,266	1%
Savings balance (incl. banksparen)	3,433	3,359	2%

Bank half year 2016 compared to half year 2015

(in millions of euros)	Half year 2016	Half year 2015	Change
Technical result	24	28	-14%
Net interest income	39	42	-7%
Net fee and commission income	10	10	2%
Operational expenses	-25	-24	-5%
Gross operational result	24	28	-14%

The production of new mortgages in the first six months nearly doubled to € 617 million (half-year 2015: € 392 million) reflecting strong market conditions. Our market share increased to 2.0% (half-year 2015: 1.6%). The total portfolio of mortgages for the group was up 1% to € 13,419 million. Part of the new mortgage production has been allocated to the life business' balance sheet.
In line with our diversified funding strategy, we slightly increased the savings balance to € 3,433 million (year-end 2015: € 3,359 million) driven by an improved commercial offering. In June we securitised a portfolio of national mortgage guarantee scheme (NHG) mortgages, raising € 500 million of new funding at very tight spreads. Gross operational result decreased by 14% to € 24 million, due to lower net interest income.

There was no Solvency II net capital generation, as the Bank did not pay a dividend to the holding during the period, reflecting a planned increase in CET 1 capital due to regulatory requirements.

Corporate and Other Activities

Corporate and other activities

(in millions of euros)	Half year 2016	Half year 2015	Change
Gross operational result	-38	-40	7%
Corporate activities	-53	-55	3%
Label health	13	12	6%
Treasury result	2	2	16%

The Corporate and Other Activities segment mainly consists of holding company overheads, interest expenses, treasury and the commercial result of the health insurance activities. The gross operational result improved to € -38 million (half-year 2015: € -40 million), reflecting lower expenses and a higher contribution from the health insurance activities.

Net capital generation Corporate and Other Activities was € -26 million.

Dividend

Based on our dividend policy we will pay an interim dividend of € 0.10 per ordinary share. The dividend may be paid entirely in cash or entirely in shares, as the shareholder prefers. Shareholders who do not state a preference will be paid in cash. Delta Lloyd intends to manage the dilutive effect of any stock dividend by repurchasing ordinary shares in the market.
The cash dividend will be charged to retained earnings. When setting the exchange ratio for the stock dividend, Delta Lloyd uses a fraction of a share based on the weighted average closing share price over a period of five consecutive trading days (to take into account the current market price).
Shareholders have until 5 September 2016 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. CET on 5 September 2016, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 30 August to 5 September 2016. The dividend will become payable on 8 September 2016.

Financial calendar

Date	Event
16 November 2016	Publication of Interim management statement first nine months of 2016
15 February 2017	Publication of full year 2016 results
22 March 2017	Publication Annual Report 2016
24 May 2017	Publication of Interim management statement first three months of 2017
24 May 2017	Annual General Meeting
16 August 2017	Publication of half-year 2017 results
15 November 2017	Publication of Interim management statement first nine months of 2017

Conference call 2016 interim results on 17 August 2016

On Wednesday 17 August 2016 at 09:30 am (CET) Delta Lloyd will host a conference call for analysts, which can also be followed via audiocast on our website.

Conference call: 17 August 2016, 09:30 am (CET)
+31 20 716 84 27 (English language), PIN code 15234777#

This press release and the 2016 interim financial report are available at www.deltalloyd.com. The analyst presentation is also available at www.deltalloyd.com.

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Financial tables

Transition to Solvency II metrics

Given our focus on the active management of the group's capital, we have developed a new key performance indicator – Solvency II net capital generation.

Net capital generation is the Solvency II surplus movement in the period as calculated based on a number of assumptions and reflecting expected investment returns on existing business, contribution of new business after strain, release of required capital and risk margin, the effect of amortisation of UFR benefit and the technical result of non life businesses, all expressed after tax. It excludes economic variances, non operating items, impact of transitionals, surplus relating to other financial entities and specified management actions.

The change to Solvency II had an impact on the value of new business (VNB) together with respective volumes and margins. In 2016 Delta Lloyd will report VNB on both old and new regimes in order to provide clarity on key trends. The old regime was applicable up to and including 2015 and the new regime applies as of 2016.

Specifically for VNB, a number of changes to the methodology were implemented during the first half to further align with Solvency II requirements. The most significant changes to the VNB includes the application of Solvency II contract boundaries, the removal of frictional costs and the replacement of cost of non-hedgeable risk with risk margin. Furthermore, look-through benefits are not included.

The application of contract boundaries also impacts new business volumes. New business under the old regime included new contracts and extensions to existing contracts. New business under the new regime includes new contracts and renewals of existing contracts, whereas extensions are recognised as existing business. These changes are reflected in our New Annualised Premium Income (NAPI). In the first half, NAPI was higher under the new regime, due to a higher NAPI for renewals than NAPI for extensions to existing contracts.

1. Overview Value New Business (SII VNB)

(in millions of euros)	half-year 2016 - SII*	Q2 2016 - SII	Q1 2016 - SII corrected	Q1 2016 - SII reported
Total Netherlands	5.4	1.8	3.5	5.5
Total Belgium	14.7	4.4	10.2	16.9
Total VNB	**20.0**	**6.3**	**13.8**	**22.3**
Individual life	12.9	3.6	9.3	16.3
Group defined benefit	5.6	3.8	1.8	1.4
Group defined contribution	1.5	-1.2	2.6	4.7
Total VNB	**20.0**	**6.3**	**13.8**	**22.3**

* SII VNB for half year 2016 is the sum of the quarter-to-date Q2 2016 layer and the Q1 2016 corrected layer

Review of the Q1 models, data and assumptions has resulted in correction and refinement of the calculations used. Therefore, the VNB table above shows the impact of the improved calculations on reported Q1 figures. The same improvement in calculations is applicable to the MC VNB reported for half-year 2016.

2. Overview Value New Business (MC VNB)

(in millions of euros)	half-year 2016 - MC*	half-year 2015 - MC*	Change
Total Netherlands	**-10.9**	**11.2**	**-197%**
Total Belgium	**23.2**	**19.3**	**20%**
Total VNB	**12.3**	**30.5**	**-60%**
Individual life	17.0	22.6	-25%
Group defined benefit	-15.5	-23.8	35%
Group defined contribution	10.8	31.6	-66%
Total VNB	**12.3**	**30.5**	**-60%**

* VNB based on market consistent (MC) techniques, including an uncertainty margin on economic capital and frictional costs based on Solvency I capital requirements

3. Overview New Business Premium Income (SII / SI NAPI)

(in millions of euros)	Solvency II half-year 2016	half-year 2015	Change	Solvency I half-year 2016	half-year 2015	Change
Total new annual premium	241	252	-4%	159	174	-9%
Total new single premium	26	44	-40%	31	50	-39%
Total NAPI	**267**	**296**	**-10%**	**190**	**224**	**-15%**
The Netherlands	89	112	-21%	152	176	-14%
Belgium	178	183	-3%	38	48	-22%
Total NAPI	**267**	**296**	**-10%**	**190**	**224**	**-15%**
Individual life	79	99	-20%	33	51	-35%
Group defined benefit	120	120	0%	52	53	-1%
Group defined contribution	68	76	-11%	105	121	-13%
Total NAPI	**267**	**296**	**-10%**	**190**	**224**	**-15%**

* NAPI = 10% single premium + annual premium

Important information

- This interim management statement contains figures for the first six months of 2016 for Delta Lloyd NV ('Delta Lloyd'), inclusive of Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering, ABN AMRO Verzekeringen, Delta Lloyd Life Belgium, Delta Lloyd Asset Management and Delta Lloyd Bank Netherlands.

- The figures in this press release have not been audited. They are partly based on the enclosed interim financial report 2016 and partly on internal management information reports.

- Certain statements contained in this press release that are not historical facts are "forward-looking statements". Forward-looking statements are typically identified by the use of forward looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risk and uncertainties. The forward-looking statements in this press release are based on management's beliefs and projections and on information currently available to them. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Delta Lloyd's control and all of which are based on management's current beliefs and expectations about future events.

- Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Delta Lloyd undertakes no duty to and will not update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Delta Lloyd and its subsidiaries. Such risks, uncertainties and other important factors include, among others: (i) changes in the financial markets and general economic conditions, (ii) changes in competition from local, national and international companies, new entrants in the market and self-insurance and changes to the competitive landscape in which Delta Lloyd operates, (iii) the adoption of new, or changes to existing, laws and regulations including Solvency II, (iv) catastrophes and terrorist-related events, (v) default by third parties owing money, securities or other assets on their financial obligations, (vi) equity market losses, (vii) long- and/or short-term interest rate volatility, (viii) illiquidity of certain investment assets, (ix) flaws in underwriting assumptions, pricing and/or claims reserves, (x) the termination of or changes to relationships with principal intermediaries or partnerships, (xi) the unavailability and unaffordability of reinsurance, (xii) flaws in Delta Lloyd's underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd's credit ratings, and (xiv) the outcome of pending, threatened or future litigation or investigations, or other factors referred to in this press release.

- Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd's actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected.

- Please see the Annual Report for the year-ended 31 December 2015 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd's businesses.

About Delta Lloyd NV
Delta Lloyd offers products and services in insurance, pensions, investment and banking, serving 4.2 million commercial and retail clients in The Netherlands and Belgium. Our four brands are Delta Lloyd, ABN AMRO Insurance, BeFrank and OHRA. Delta Lloyd is listed on Euronext Amsterdam and Brussels, and included in the DJSI World and DJSI Europe.