delta lloyd

Interim management statement:
First nine months of 2014

Amsterdam, 6 November 2014

Delta Lloyd: continued focus on profitable and organic growth

New business remains strong, with improved profitability

- NAPI[1] at € 324 million (Q3 2013: € 329 million), annual premiums up 25%. New business General insurance up 8% to € 127 million (Q3 2013: € 118 million)
- Profitability improved:
    - Life insurance IRR[2] up 2pp to 11% (Q3 2013: 9%), new business margin up 1.1pp to 3.1% (Q3 2013: 2.0%)
    - General insurance COR[3] comfortably below target of 98%
- Total gross written premiums[4] (GWP) 17% lower at € 3.0 billion (Q3 2013: € 3.6 billion), largely due to lower Life Insurance GWP
    - Life insurance GWP at € 1.9 billion (Q3 2013: € 2.5 billion), due to higher volume of annual premiums and lower single premiums
    - General insurance GWP at € 1.0 billion (Q3 2013: € 1.1 billion), due to strict underwriting
    - New mortgage origination steady at € 733 million (Q3 2013: € 778 million)
    - Net outflow of retail funds and institutional mandates of € 316 million (Q3 2013: net inflow of € 409 million)

Shareholders' funds up 4% to € 2.7 billion (year-end 2013: € 2.6 billion)

- Group embedded value of € 4.6 billion (year-end 2013: € 4.4 billion)

Regulatory solvency of insurance entities 228% (year-end 2013: 213%)

- IGD group solvency 196% (year-end 2013: 184%), operational capital generation on track, however offset by the increase in required capital resulting from adverse interest rate developments

Delta Lloyd included in Dow Jones Sustainability Index (DJSI) World and DJSI Europe

Niek Hoek, chairman of the Executive Board: "We have delivered a satisfactory commercial performance overall, with healthy, profitable new business at both Life and General insurance, and a continued strong position in new annual life premiums. Delta Lloyd is committed to generating organic, profitable growth in our home markets. Meanwhile, our capital position remains robust. Anticipating prolonged low interest rates, we have strengthened our marked-to-market provisions for our customers by an additional € 4.4 billion. Despite this addition, we managed to grow our shareholders' funds by € 113 million. Our IGD solvency ratio is supported by solid capital generation, but was affected by adverse interest rate developments. We aim to increase our IGD group solvency ratio to more than 200% by the end of the year and to decrease the premium on stock dividend to 2% at the 2014 final dividend payment."

Key figures			
(in millions of euros, unless otherwise stated)	**Q3 2014**	**Q3 2013**	**Change**
Gross written premiums[4]	2,954	3,554	-17%
Key figures Q3 2014 compared to year-end 2013			
(in millions of euros, unless otherwise stated)	**Q3 2014**	**Year-end 2013**	**Change**
Shareholders' funds after non-controlling interests	2,734	2,621	4%
IGD group solvency	196%	184%	12pp

www.deltalloydgroep.com
mediarelations@deltalloyd.nl

Key figures per Delta Lloyd ordinary share	
(in euros)	**Q3 2014**
Closing price on 30 September 2014	19.10
Shareholders' funds	13.80
Group embedded value	23.18

Strategy update

Delta Lloyd remains focused on pursuing its existing, strategy of targeting organic growth, combined with state of the art products and services and strong cost discipline. This strategy is preferred over an active participation in the industry consolidation that is taking place in the Dutch market at the moment.

Delta Lloyd terminated exclusive negotiations with a prospective buyer for Delta Lloyd Bank Belgium as they had not resulted in an acceptable agreement on price and conditions. The bank is a healthy, profitable business that is fully capable of operating independently within the group. Delta Lloyd Bank Belgium will continue to develop its expertise in the areas of asset accumulation and wealth creation for the benefit of its customers, while remaining an important distribution channel for the life insurance and pension products of Delta Lloyd Life in Belgium.

On 18 July 2014, Delta Lloyd reached agreement with BinckBank on the acquisition of the remaining 50% of the shares that BinckBank held in the PPI (premium pension institution) BeFrank for € 19.5 million.

The Supervisory Board of Delta Lloyd plans to appoint Hans van der Noordaa (53) as the new chairman of Delta Lloyd's Executive Board from 1 January 2015. The Supervisory Board will present the planned appointment to shareholders at an Extraordinary General Meeting to be held on 12 November 2014. This will be followed by a formal appointment. Hans van der Noordaa will succeed Niek Hoek, who will resign as chairman on 1 January 2015.

Life and General Insurance

Life insurance			
(in millions of euros)	**Q3 2014**	**Q3 2013**	**Change**
Gross written premiums (excluding Germany)			
- Netherlands	1,355	1,899	-29%
- Belgium	555	556	-
Gross written premiums (excluding Germany)	**1,911**	**2,455**	**-22%**
NAPI	324	329	-2%

We maintained our strong position in group life and pensions. The volume of new annual premiums increased by 25% to € 260 million due to several new group contracts, providing a more sustained inflow of annual premiums, compared to a smaller share of more incidental single premium buy-out contracts of € 639 million (€ 1.2 billion in Q3 2013).
New annualised premium income (NAPI) continued at a high level: € 324 million (Q3 2013: € 329 million). In the first nine months of 2014, Life GWP decreased by 22% to € 1,911 million

(Q3 2013: € 2,455 million), due to a lower volume of single premiums and our focus on profitable business. GWP in Belgium remained stable at € 555 million compared to € 556 million at Q3 2013.

The profitability of new life business continued to improve, the internal rate of return (IRR) increased 2pp to 11% (Q3 2013: 9%) and the new business margin improved to 3.1% (Q3 2013: 2.0%).

BeFrank continued to grow in the developing market for defined contribution products.

Longevity transaction

In August 2014, Delta Lloyd completed a transaction with Reinsurance Group of America (RGA) to mitigate the longevity risk related to its Dutch life insurance portfolio. This contract will reduce the financial effects of policyholders living longer than currently expected which results in longer durations of annuities and pension payments. The entry date of the transaction is 1 January 2014.

Delta Lloyd applied the latest (AG2014) mortality tables on its longevity provisions, which had negligible impact.

General insurance			
(in millions of euros)	**Q3 2014**	**Q3 2013**	**Change**
Total gross written premiums	1,044	1,098	-5%

In General insurance, GWP was 5% lower than last year, due to our gradual exit from the WGA ER market and to strict underwriting discipline, with a focus on margins rather than volume. The combined ratio (COR) was comfortably below the target of 98%, reflecting our measures in product rationalisation and improvement of long-term profitability. Furthermore, we continued our programme of claims management, strict underwriting and pricing, and cost savings. New business improved to € 127 million versus € 118 million in the third quarter of 2013.

Bank and Asset Management

Bank Q3 2014 compared to year-end 2013			
(in millions of euros)	**Q3 2014**	**Year-end 2013**	**Change**
Savings (excluding banksparen)			
- Netherlands	1,338	1,317	2%
- Belgium	3,939	3,840	3%
Total savings (excluding banksparen)	**5,277**	**5,157**	**2%**
Banksparen balances	**2,092**	**1,978**	**6%**
Mortgage portfolio			
- Netherlands	13,130	13,008	1%
- Belgium	3,402	3,415	-
Total mortgage portfolio	**16,531**	**16,423**	**1%**

Bank Q3 2014 compared to Q3 2013			
(in millions of euros)	**Q3 2014**	**Q3 2013**	**Change**
Mortgage origination			
- Netherlands	492	528	-7%
- Belgium	241	250	-3%
Total mortgage origination	**733**	**778**	**-6%**

Total savings increased by 3% and 2% in Belgium and the Netherlands respectively, as did banksparen balances (up 6% to € 2.1 billion).

The strong growth in mortgage origination in the Netherlands in the first half of 2014 slowed down in the third quarter due to increased competition. There was a decline in new mortgages of 7% compared to Q3 2013. However, this is still a satisfactory level and there is a healthy pipeline for the remainder of the year. In Belgium new mortgages were 3% lower than last year.

In Asset management, there was an outflow in retail funds and institutional mandates, due to growing demand for equity funds rather than fixed income funds, where we have traditionally been stronger. On 1 October, Jacco Maters started as the new chief investment officer and managing director of Delta Lloyd Asset Management. Previously, he served as group head equities and derivatives at Allianz Investment Management.

Shareholders’ funds and solvency

Shareholders’ funds and solvency			
(in millions of euros, unless otherwise stated)	**Q3 2014**	**Year-end 2013**	**Change**
Shareholders’ funds			
Shareholders' funds after non-controlling interests	2,734	2,621	4%
- of which 'hard' capital (tangible assets)	2,376	2,276	4%
Solvency			
Regulatory (IGD) group solvency	196%	184%	12pp
Regulatory (IGD) solvency insurance activities	228%	213%	15pp
Common Equity Tier 1 Bank Netherlands	17.9	n.a.	n.a.
Common Equity Tier 1 Bank Belgium	10.9	n.a.	n.a.

In the third quarter of 2014, the regulatory solvency of our insurance activities increased to 228%, compared to 213% at year-end 2013. IGD group solvency increased to 196% (year-end 2013: 184%). The increase of IGD group solvency was supported by operational capital generation (+12 percentage points) and the performance of assets versus liabilities. The placement of perpetual subordinated notes in June contributed 19 percentage points. The positive effects are partly offset by the acquisition of BeFrank, the final cash dividend and interim dividend (-3 percentage points) and the increased required capital (-16 percentage points). At the long end of the yield curve, a sharp decline in the ECB AAA curve versus the swap curve led to a correction in the valuation of the liabilities. This could not be offset by a corresponding increase in assets, which affected the IGD ratio. The increased required capital is the main reason for the decrease in IGD solvency compared to half-year 2014. We aim for our IGD group solvency ratio to be above 200% by the end of the year.

In the first nine months, we strengthened the provisions for our policyholders by € 4.4 billion due to further declining of interest rates to very low levels. Despite this, shareholders' funds on a marked-to-market basis were up 4% to € 2.7 billion (year-end 2013: € 2.6 billion), mainly due to revaluation of investments, offset by the 2013 final cash dividend (€ 41 million) and 2014 interim cash dividend (€ 24 million). Compared to half-year 2014, the decrease in interest rates had a negative effect on shareholders' funds.

The Total Capital Ratio of Bank Netherlands is 20.5% and for and Bank Belgium 13.1%. The Common Equity Tier 1 ratio of Bank Netherlands and Bank Belgium is 17.9% and 10.9% respectively. The ratios are based on Basel III phase-in including results.

Sensitivities for IGD group available capital

(in millions of euros, unless otherwise stated)	Q3 2014			Year-end 2013		
ECB AAA interest rate (10-year point)			1.06%			2.27%
	Available capital effect	**Required capital effect**	**IGD ratio effect**	**Available capital effect**	**Required capital effect**	**IGD ratio effect**
Interest rate risk						
+ 25 bps	8	-25	3%	-28	-19	0%
- 25 bps	-6	26	-3%	35	20	0%
Credit risk						
+ 50 bps	-292		-14%	-201		-10%
- 50 bps	311		15%	212		11%
Equity risk						
+ 10%	93		4%	131		7%
- 10%	-78		-4%	-118		-6%
Property						
+ 10%	137		6%	133		7%
- 10%	-137		-6%	-133		-7%
Funding risk (mortgages)						
+ 50bps	-56		-3%	-55		-3%
- 50bps	57		3%	58		3%

*Funding spread risk sensitivities at year-end 2013 are restated. Mortgages with National Mortgage Guarantee (NHG) are no longer taken into account

Lower interest rates affected the interest rate sensitivities. The impact of credit spread sensitivities increased, due to the increase in credit risk exposure in the bond portfolio. Lower equity exposure and increased effectiveness of hedging led to lower equity sensitivities.

Customer centric

In the first half of 2014, according to the performance monitor survey undertaken by IG&H, the management consultancy, Delta Lloyd retained its first place in the group life market, with a slightly improved service performance. Other business lines generally showed good performance levels.

Sustainability
S&P Dow Jones Indices and RobecoSAM announced that Delta Lloyd has been included in the Dow Jones Sustainability Index (DJSI) World and in the DJSI Europe. In 2011, Delta Lloyd stated the ambition to be included in this index.
Delta Lloyd started a group-wide Sustainable Impact programme in 2014. The programme will result in a more coherent and structural approach to sustainability, covering our investment policy, products, services, social responsibility and branding from 2015 onwards.
In the Netherlands, 584 Delta Lloyd employees volunteered for Delta Lloyd Foundation in the first nine months of 2014, which is already more than the total volunteers in 2013 (463).

Staff

Number of employees		
(in FTE)	**Q3 2014**	**Year-end 2013**
Permanent	5,085	5,182
Temporary	561	606
Total number of employees	**5,646**	**5,788**

Delta Lloyd and the unions have agreed on the outline of a new collective labour agreement and social plan for the period from 1 January 2014 to 1 January 2017. The unions will consult their members on the agreement at the end of 2014.

Delta Lloyd employs 5,646 staff (FTE), down from 5,788 at year-end 2013. This includes 561 temporary employees to help absorb peak workload. Of the total permanent staff (5,085 FTE), 3,825 are employed in the Netherlands, 1,077 in Belgium and 184 in Germany.

Financial calendar 2014-2015	
Date	
12 November 2014	Extraordinary General Meeting
21 November 2014	Investor Day
24 February 2015	Publication preliminary results 2014
23 March 2015	Publication annual report 2014
19 May 2015	Publication first quarter 2015 interim management statement
21 May 2015	Annual General Meeting
25 May 2015	Ex dividend final dividend 2014
11 August 2015	Publication half-year results 2015
10 November 2015	Publication third quarter 2015 interim management statement

Conference call for analysts and investors
On 6 November 2014, at 10.00 am (CET), there will be an analyst and investor call with Niek Hoek (Chairman Executive Board) and Emiel Roozen (CFO). The number for this call for analysts and investors (in English) is +31 (0)20 531 5871. A live audiocast will also be available at www.deltalloydgroep.com.

This press release is available in a Dutch translation at www.deltalloydgroep.com.

More information about this press release:

Media Relations **+31 (0)20 594 44 88**
Martijn Donders, Anneloes Geldermans
mediarelations@deltalloyd.nl

Investor Relations **+31 (0)20 594 96 93**
Roeland Haanen, Hans Duine, Marscha Corzilius
ir@deltalloyd.nl

About Delta Lloyd NV
Delta Lloyd has been a trusted partner for insurance, pensions, investing and banking since 1807. It is our goal to offer financial security, now and in the future. We deliver clear, reliable and contemporary products and services that meet our customers' needs and create value for them, our shareholders and our employees. Our primary markets are the Netherlands and Belgium. In the Netherlands, we operate under the Delta Lloyd, OHRA and ABN AMRO Verzekeringen brands, while in Belgium we use the Delta Lloyd brand. We employ 5,085 (FTE) permanent staff, of which 3,825 in the Netherlands, 1,077 in Belgium and 184 in Germany. In 2013, we achieved a premium income of € 4.7 billion and a net operational result of € 430 million. Our shareholders' funds amount to € 2.7 billion and we manage investments worth € 83 billion. Delta Lloyd is listed on Euronext Amsterdam and Brussels, and included in the DJSI, AEX- and Bel-20 indices.

Important information

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

- Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd's actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected.
- Please see the Annual Report for the year ended 31 December 2013 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd’s businesses.

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

[2] Internal rate of return

[3] Combined ratio

[4] Excluding terminated and run-off activities