



Good progress on capital and cash

2016 interim results
17 August 2016

Hans van der Noordaa

CEO

Progress on near term management priorities



- Good progress on our capital plan
- Standard Formula solvency ratio in the upper half of the target range
- Underlying net capital generation satisfactory
- Holding company cash structurally improved



- Mixed operational performance
- GI impacted by exceptional weather
- On track with expense reduction target
- Taking action to improve profitability



- Ranked #1 in Group Life again in July 2016 IFA satisfaction survey¹
- Top 3 market share in Dutch group pensions²
- APF license expected later this year

1. Source: IG&H Management Consultants

2. Top 3 position in terms of recurring premiums. Source: DNB (2016)

Good progress on capital plan



Current status

Solvency ratio

- Rights issue
- Sale of Van Lanschot
- ALM actions

▶ **173%¹**

Capital generation

- Mixed operational performance
- Exceptional rain and hailstorm in June; € 33m net impact
- Headwinds from derisking and low rates

▶ **€ 99m**
before exceptional weather impact

Cash

- Rights issue
- Disposal proceeds
- Strong remittances

▶ **€ 592m**

Ongoing initiatives

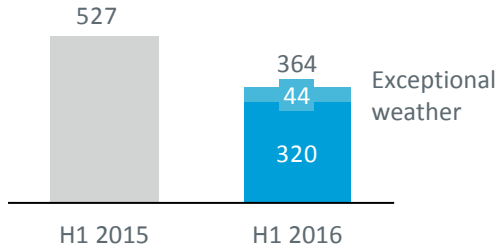
- Improve quality and resilience of capital
- Implement PIM by 2018
- Strategic asset allocation
- Expense reduction
- Improve GI underwriting and Life new business
- Maintain sound cash buffer
- Focus on refinancing senior loan in 2017

1. Standard Formula solvency ratio after interim dividend

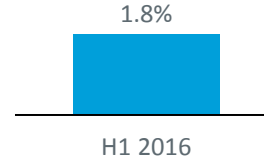
Operational performance needs improvement



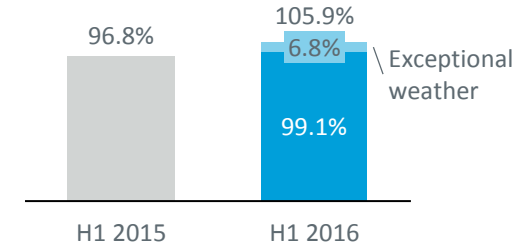
Gross operational result (€m)



Life new business margin¹



Combined ratio (COR)



Current status

- Lower mortality result and exceptional weather
- Lower investment spread reflecting equity derisking and higher required interest

Actions

- Reduce expenses
- Optimise strategic asset allocation

- Low margins in DC pensions in The Netherlands
- Strong margins in protection in Belgium

- Improve business mix
- Optimise pricing

- Exceptional weather, large fire claims
- Continuing weak Motor COR

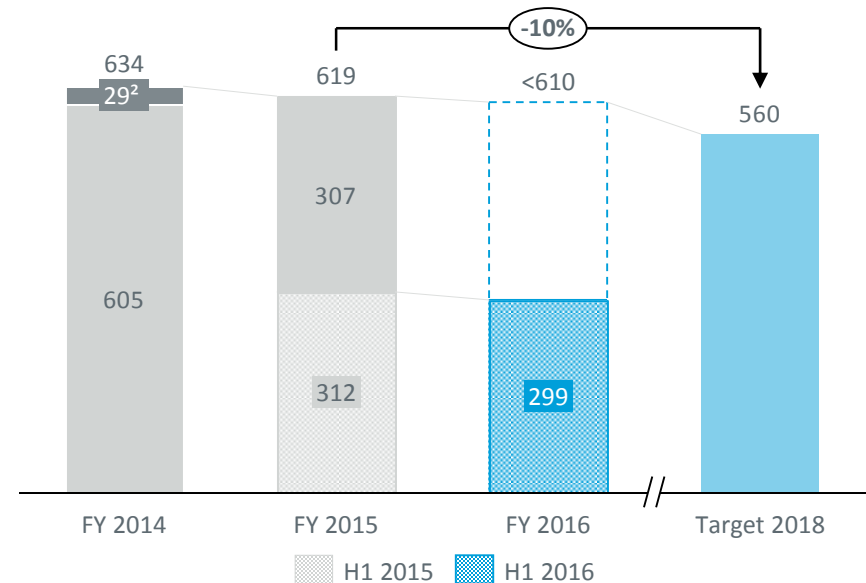
- Exit unprofitable market segments
- Adjust prices

1. SII New business margin

On track with expense reduction target

- Operational expenses down 4% to € 299m
- Target to reduce operational expenses to € 560m by 2018
- Reduction of expenses through:
 - *back book cost reduction*
 - *product rationalisation*
 - *further overhead reduction*
 - *digitalisation: IT legacy reduction and straight through processing*

Operational expenses¹ (€m)



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

Continued focus on customer



- Ranked #1 in Group Life again in July 2016 IFA satisfaction survey¹, strong rating in other product segments retained
- Top 3 market share in Dutch group pensions²
- Voogd & Voogd partnership signed in July 2016 to improve personal general insurance distribution
- High adoption rate of online portal among OHRA customers and IFAs, leveraging potential for Delta Lloyd brand
- Customer service via WhatsApp introduced
- APF license expected later this year

1. Source: IG&H consultants

2. Top 3 position in terms of recurring premiums. Source: DNB (2016)

Cash interim dividend of € 0.10 per share

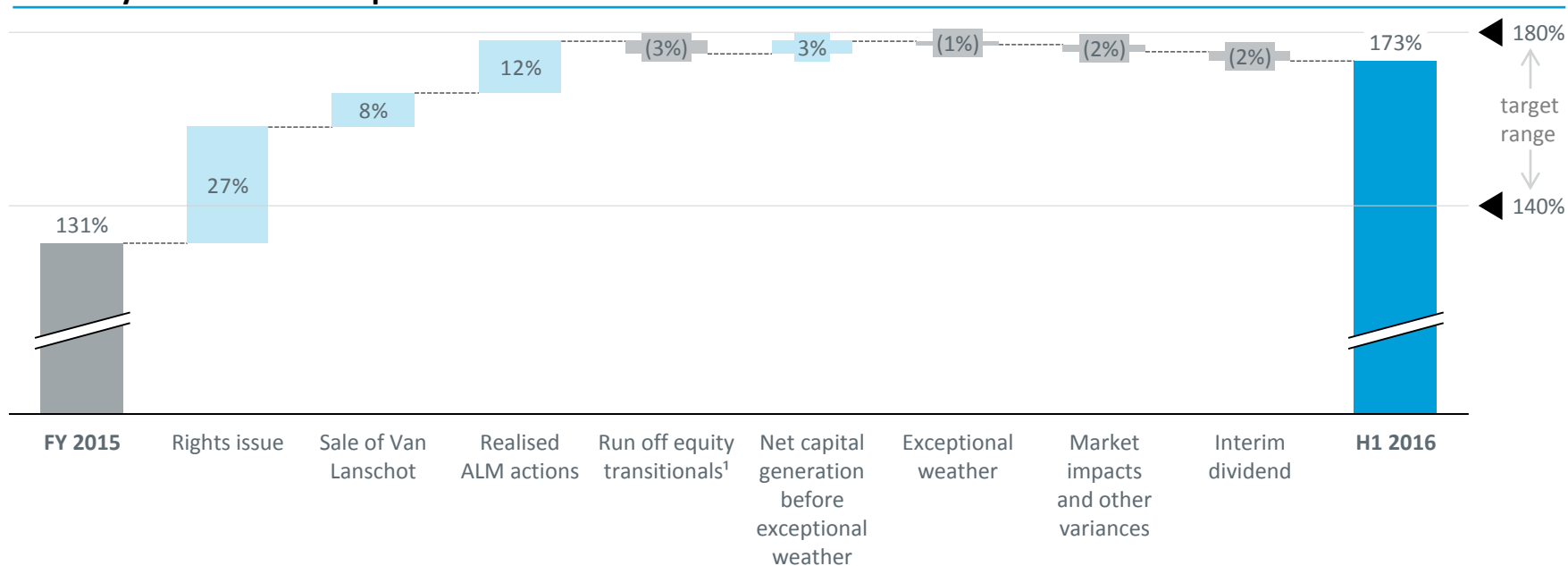
- € 0.10 per ordinary share or € 46m will be paid out as cash interim dividend
- Option to take stock dividend
- Dilutive effect of stock dividend neutralised through repurchasing ordinary shares in the market
- Total cash dividend target of € 130m for FY 2016
- Final dividend to be determined in February 2017

Clifford Abrahams

CFO

Solvency ratio in the upper half of the target range

Solvency II SF ratio development



1. Remaining equity transitionals contribute 5% at H1 2016. Increase compared to Q1 2016 reflects higher eligible capital

Announced management actions largely completed

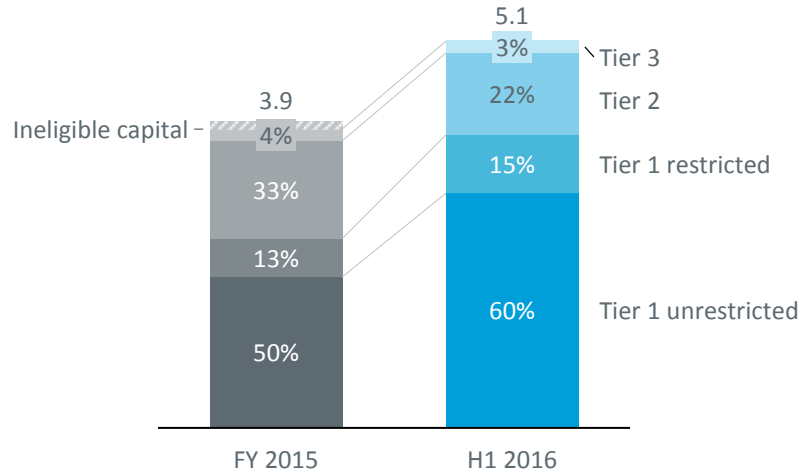
11

	Action	Expected impact	H1 2016 Impact	OF/SCR ¹	
ALM Actions	Equity de-risking	3-5%	✓	SCR	<ul style="list-style-type: none"> Largely completed Decreases expected return
	Currency de-risking	1-2.5%	✓	SCR	<ul style="list-style-type: none"> Progress in line with sale of equities
	Credit de-risking	3-5%	✓	SCR	<ul style="list-style-type: none"> Largely completed Decreases expected return
	Model enhancements	2-4%	✓	OF/SCR	<ul style="list-style-type: none"> Modelling enhancements for DL Life Belgium
	Treasury restructuring	1-2%	✓	SCR	<ul style="list-style-type: none"> Restructuring of centralised cash pool reduces capital requirements
	Longevity hedge	-/+			OF/SCR
	Total	c.10-15%	c.12%		<ul style="list-style-type: none"> Refilling pipeline of management actions
Sale VL	Sale of Van Lanschot	c.8%	✓	OF	<ul style="list-style-type: none"> Completed

1. OF = Own Funds, and SCR = Solvency Capital Requirement

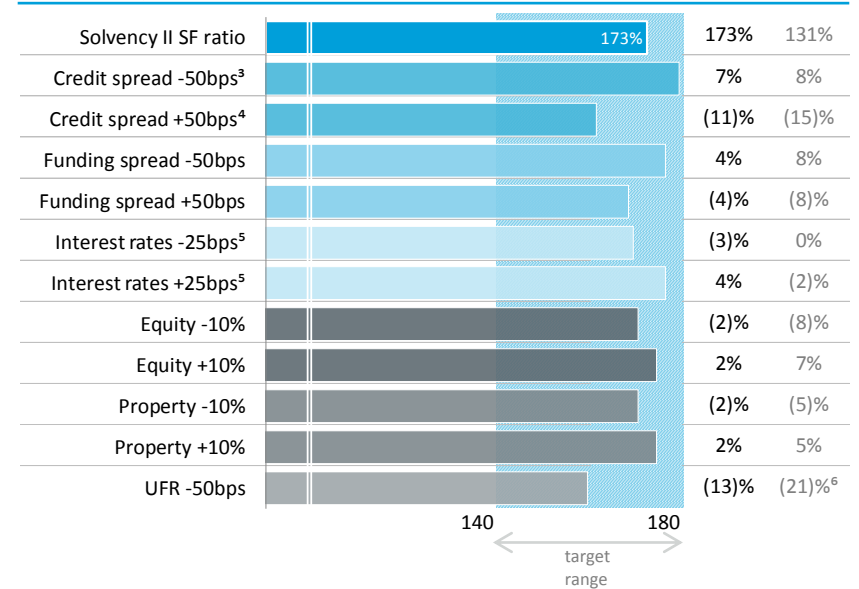
Improving quality and resilience of capital

Own funds (Standard Formula, €bn)¹



Solvency Ratio Sensitivities²

H1 2016 FY 2015



1. FY 2015: % of eligible capital 2. Sensitivities exclude the impact on OFS and assume DTA recoverability and LACDT remain unchanged 3. Movement in credit spread -50bps and movement VA 28bps 4. Movement in credit spread +50bps and movement VA -28bps. For all credit spreads (excl. mortgages). Impact on corporates € (141)m, (sub)sovereigns € (1,148)m, volatility adjustment € 1,016m and other spreads categories € (127)m 5. Parallel shift, with fixed UFR 6. Q1 2016

Businesses focused on driving capital generation

13

Solvency II net capital generation H1 2016 (€m)¹

	€m	Impact on H1 2016 SF ratio
Life	123	
General Insurance	(34)	
Asset Management / Bank	3	
Corporate and other activities	(26)	
Net capital generation	66	2%
Exceptional weather impact	33	1%
Underlying net capital generation	99	3%

- Life broadly in line with expectations
- GI reflects exceptional weather, several large fire claims and premium growth
- Net capital generation based on year start assumptions for excess spread and UFR drag
 - *headwinds from investment derisking undertaken and continuing low interest rates*
 - *opportunities over time from further expense reduction, strategic asset allocation and improved product profitability*

1. Before market impacts and non operational items, net of tax and minority interest

Operational result down across segments

Operational result (€m)

	H1 2016	H1 2015
Operational Technical Result	25	124
Life	42	64
GI	(32)	28
Asset Management	3	14
Bank	24	28
Corporate & Other activities	(13)	(10)
Investment spread	295	402
Direct Yield	596	643
Cost of Liabilities	(301)	(241)
Gross operational result	320	527

- Life reflects lower mortality result and strengthening of risk margin, partly offset by expense result
- General Insurance reflects exceptional weather and several large fire claims
- Lower fee income of Delta Lloyd Asset Management based on a revised arrangement with internal clients, derisking and third party outflows
- Lower net interest income at Bank
- Lower investment spread from equity derisking and higher required interest reflecting interest rates at the beginning of the relevant period

Spreads and rights issue drive shareholders' funds

15

Shareholders' funds development (€m)

IFRS shareholders' funds 1/1/16	2,569
Gross operational result	320
Market volatility	1,117
Other	(141)
Tax and MI	(370)
Net result	925
Other comprehensive income	(330)
Change in shareholders' funds (excluding rights issue)	595
Rights issue	629
IFRS shareholders' funds 30/6/16	3,793

- Positive contribution from tightening credit spreads and decreasing interest rates
- Broadly neutral impact from methodology changes for IFRS valuation curve and longevity provision¹
- Revaluation of pension assets in Net result reversed by actuarial losses in Other comprehensive income

Estimated breakdown market volatility (€m)

Credit spread effect	658
Own pension fund assets	369
Change IFRS curve	326
Refinement longevity provision ¹	(331)
Other	95
Total	1,117

1. Refinement of calculation methodology to align with the expected cash flow profile used under Solvency II. No Solvency II impact

Operational expenses reduced

Operational expenses (€m)

	H1 2016	H1 2015	Change
Life	111	126	(12)%
General Insurance	103	107	(4)%
Asset Management	23	20	12%
Bank	25	25	2%
Corporate and other activities	37	34	8%
Total	299	312	(4)%

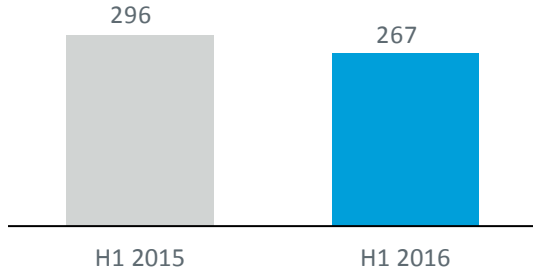
Non operational expenses (€m)

	H1 2016	H1 2015
Van Lanschot sale	6	n.a.
Implementation PIM	16	7
DNB fine	n.a.	23
Projects and other	32	37
Total	54	67

- Lower staff and pension expenses, mainly at Life

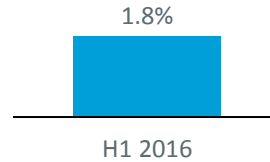
Life: focused on margin improvement

NAPI (€m)



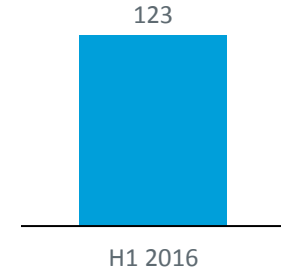
- Focus on value over volume
- Reduced guarantees in Belgium

New business margin (SII NBM)



- Low margins in DC pensions in the Netherlands
- Strong margins in protection in Belgium

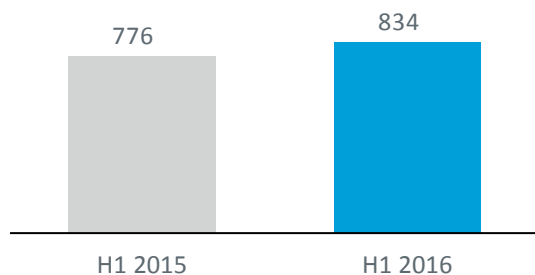
Net capital generation (€m)



- New business after strain € (6)m
- Excess spread / UFR reflects year start economics
- Modest experience variances

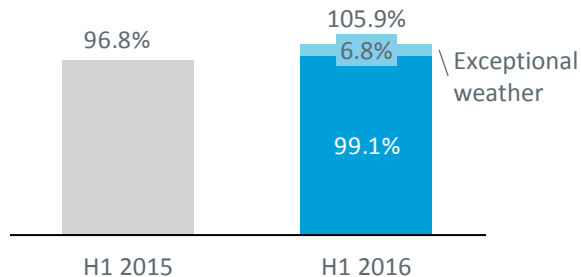
General Insurance: impacted by exceptional weather

GWP (€m)¹



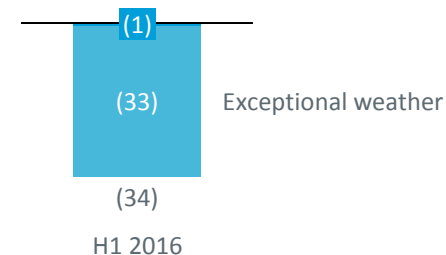
- Increase mainly from Authorised Agents

Combined Ratio²



- P&C: exceptional weather and several large fire claims
- Income protection: good performance, supported by prior year claims development

Net capital generation (€m)



- Weak COR reflects exceptional weather
- SCR increase reflects premium growth

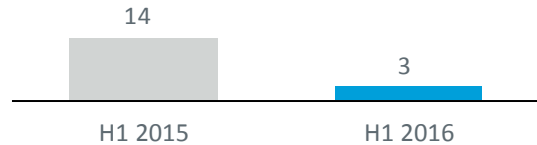
1. Excluding terminated and run off activities

2. Excluding terminated and run off activities and market interest movements

Asset Management / Bank: modest contribution

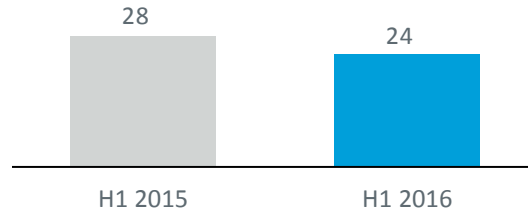
19

Operational result AM (€m)



- Lower fee income based on a revised arrangement with internal clients, derisking and third party outflows

Operational result Bank (€m)¹



- Lower interest income
- Efficient originator of mortgages for life companies

Net capital generation (€m)

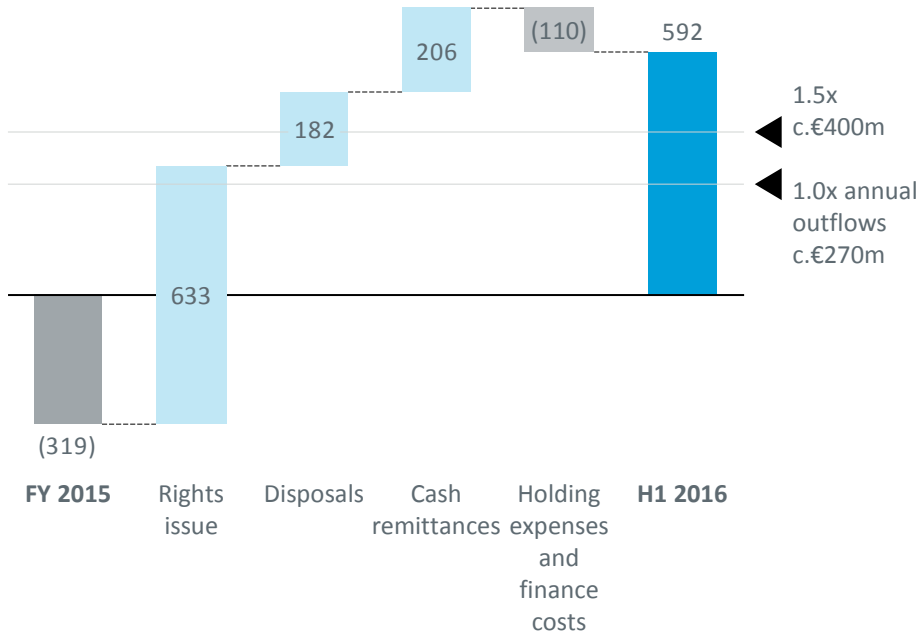


- Asset Management contribution reflects modest profitability
- Bank to restart dividend in the medium term

1. Excluding amortisation of the premium paid by the bank on the purchase of a loan portfolio from the Life business in 2014. Majority of amortisation in Bank's statutory profits expected through 2020

Holding company cash structurally improved

Holding company cash development (€m)



- Holding company is above target cash buffer of c.€ 400m
- Substantial disposal proceeds and strong remittances
- Revolving Credit Facility initiated at Holding company to support LAC DT and strengthen flexibility
- Cash strain from run off of Amstelhuys¹
- € 575m senior loan due in 2017

1. Amstelhuys is Delta Lloyd's mortgage vehicle funded primarily through securitisation

Strong remittances

	H1 2016		H1 2015
	Cash remittances ¹	SF Ratio	Cash remittances ¹
Delta Lloyd Leven	20	150%	30
Delta Lloyd Life Belgium	32	148%	11
Delta Lloyd Schade	57	140%	24
ABN Amro Leven	31	240%	18
ABN Amro Schade	29	203%	8
Delta Lloyd Asset Management	34		18
Delta Lloyd Bank	-	12.9% ²	1 ³
Treasury	3		
Total	206		109

- Low remittances from Delta Lloyd Leven to support strengthening capital
- Good contribution from Delta Lloyd Belgium
- Delta Lloyd Schade and ABN Amro Insurance remittances reflect rebase to risk appetite
- Strong 2015 performance fees reflected at Delta Lloyd Asset Management
- Increasing regulatory requirements at Delta Lloyd Bank

1. Cash remittances include coupon and repayment on internal (subordinated) debt, and dividend
 2. CET1 ratio
 3. Excludes € 3m from Delta Lloyd Bank Belgium

Wrap up

Good progress on capital and cash, taking action on operational performance

- Solvency of 173%, in the upper half of the target range
- Holding company cash structurally improved
- Delta Lloyd's business model is sound and offers clear upside
- Taking action to improve operational performance and delivering on capital generation
- On track to reduce operational expenses to € 560m by 2018
- Cash interim dividend of € 0.10 per share

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