

Delta Lloyd Group 2012: Prudence first in a prolonged low interest rate environment

Commercial performance satisfactory given difficult market

- Total gross written premiums declined by 13% to € 4.7 billion (2011: € 5.4 billion)
 - Life gross written premiums 18% lower at € 3.3 billion (2011: 4.0 billion –a record year for Life); improved business mix as proportion of regular premiums increased
 - Market leadership in new Life business consolidated with NAPI¹ of € 401 million (2011: € 475 million)
 - General Insurance gross written premiums stable at € 1.4 billion (2011: € 1.4 billion)
- Delta Lloyd ranked first as pension provider in IG&H annual review of Dutch market

Operational result € 404 million (2011: € 480 million)

- Operational result after tax and non-controlling interests in line with third quarter guidance: € 404 million (2011: € 480 million² – restated from € 438 million reported principally reflecting terminated and run-off activities)

Proposed total 2012 dividend unchanged at € 1.03 per ordinary share

Operating expenses 7% lower at € 782 million, ahead of target

- Additional costs of acquired activities fully absorbed

IGD group solvency remains solid at 177% (year-end 2011: 174%)

- IGD group solvency at end of January 2013: 185%
- Regulatory solvency insurance entities at year-end: 212% (2011: 206%)

Shareholders' funds decreased to € 2.3 billion due to impact of prolonged low interest rates

- IFRS result after tax and non-controlling interests: € -1,495 million (2011: € -183 million), reflecting impact of low interest rates and marked-to-market IFRS balance sheet resulting in a strengthening of provisions for insurance liabilities and investment contracts by € 4.7 billion
- Based on more traditional accounting principles, as generally used in the insurance market, shareholders funds' after non-controlling interests would have been € 3.7 billion
- Group European Embedded Value € 4.0 billion (year-end 2011: € 4.7 billion)

Key figures			
(in millions of euros, unless otherwise stated)	2012	2011	Change
Gross written premiums ³	4,651	5,358	-13%
Operating expenses ⁴	782	840	-7%
Operational result after tax and non-controlling interests ⁵	404	480	-16%
Result (IFRS) after tax and non-controlling interests ⁶	-1,495	-183	n.m.
Internal Rate of Return	8%	9%	-1pp
COR ⁷	97.9%	97.0%	0.9pp
Shareholders' funds after non-controlling interests	2,306	3,866	-40%
IGD group solvency	177%	174%	3pp
Regulatory solvency insurance entities	212%	206%	6pp
Group European Embedded Value	4,004	4,696	-15%
Life European Embedded Value	4,210	4,890	-14%

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Delta Lloyd Group CEO **Niek Hoek**: “Our prudence is reflected in our marked-to-market IFRS accounting, which we believe benefits all of our stakeholders. As we have valued our life provisions at current market yields, something which is hardly seen in the industry, this resulted in considerably higher provisions for our policyholders. The unprecedented and prolonged low interest rate therefore impacted our shareholders’ funds and results. Nonetheless, our commercial approach and our commitment to transparency and prudence positions us well for the future.

During the year, we have taken swift and pragmatic action where necessary. We terminated loss-making underwriting in the international marine business and will gradually withdraw from the Dutch partial disability insurance⁸ market. We met and exceeded our ongoing strict cost cutting programme and lowered our risk profile. The completion of Aviva’s divestment, with strong demand from investors, reflects broader confidence in our resilience and potential.

We consolidated market leadership in Life new business and during 2012 we benefited from several large new contracts. Our pipeline remains well-filled. With the implementation of IAS19R, we should see the Dutch pension transfer market improve further – particularly if interest rates continue to rise. We also saw positive developments in the defined contribution market via BeFrank, the first PPI in the Dutch market.

Much of this progress was due to having robust and diversified multiple distribution channels. We further strengthened our distribution during the year by signing new agreements with Deutsche Bank in the Netherlands and CRELAN⁹ in Belgium, while we deepened our insurance joint venture with ABN AMRO Bank.”

Impact of decline in interest rates

Delta Lloyd’s conservative approach is reflected in its marked-to-market IFRS accounting principles. Delta Lloyd has valued its life provisions in a way that differs from regular industry practice, at a market yield of 1.99% at 10-year point. Consequently, shareholders’ funds decreased to € 2.3 billion compared to € 3.9 billion at the end of 2011. This was for the biggest part attributable to the effect of the decline of the Collateralised AAA curve on the value of the liabilities, which was only partly compensated by an increase in value of assets. At the 10-year point, the Collateralised AAA curve has decreased 200 basis points, while the ECB AAA curve has dropped 94 basis points. The lower Collateralised AAA curve led to higher provisions for insurance liabilities and investment contracts (€ 4.7 billion) and hence to lower shareholders’ funds.

IFRS result after tax and non-controlling interests decreased to € -1,495 million (2011: € -183 million), reflecting the impact of low interest rates and our marked-to-market IFRS balance sheet leading to a € 4.7 billion addition to provisions for insurance liabilities and investment contracts.

Based on more traditional accounting principles, as generally used in the industry, shareholders funds’ after non-controlling interests would have been substantially higher at € 3.7 billion.

In spite of improved technical results, the 200 bps decline in reference rate to 1.99% led to a € 130 million lower long term investment result (LTIR) resulting in an operational result after tax and non-controlling interests in line with third quarter guidance of € 404 million (2011: € 480 million)².

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Key figures per Delta Lloyd ordinary share	
<i>(in euros)</i>	2012
Closing price on 31 December 2012	12.34
Shareholders' funds	13.16
Result (IFRS) after tax and non-controlling interests	-8.53
Operational result after tax and non-controlling interests	2.31
Group European embedded value	22.85
Proposed dividend (of which € 0.42 already paid as interim dividend)	1.03

Operational and financial objectives		
	Result 2012	Objective 2012
Life new business		
Internal Rate of Return	8%	≥ 9%
General insurance		
Combined ratio across the cycle	97.9%	98.0%
Efficiency		
Operating expenses (in million of euros)	782	<820
Shareholder return		
Operational return on equity	10.5%	8-12%
Proposed dividend per ordinary share	1.03	
Capitalisation		
IGD group solvency	177%	>160-175%

Key developments in 2012

Cost-saving programme successful, beating 2012 cost target

- Costs below 2013 target at € 782 million (2011: € 840 million)
- Costs from acquired ABN AMRO intermediary activities already absorbed
- Ongoing simplification of processes and organization

Cost level						
(in millions of euros)	2009	2010	2011	2012	2013	2014
Operating expenses (target)	<1,000	<950	<900	<820	<790	<760
Operating expenses (actual)	976	924	840	782		

Delta Lloyd is continuing to strive to reduce its cost level and has defined ambitious cost-saving targets for this purpose. In 2012, expenses were 7% lower than last year. This includes the additional costs as of July 2012 of the acquired ABN AMRO Bank intermediary activities that were fully absorbed in 2012. The lower operating expenses stem largely from the ongoing organisational simplification leading to increased efficiency. Thanks to the realised savings, the operating expenses in 2012 came to € 782 million (2011: € 840 million). For 2013 and 2014 the targets are € 790 million and € 760 million respectively¹⁰.

Net operational result at € 404 million

- The technical results of the business improved, but as indicated earlier this is offset by the decline in reference rate by 200 bps to 1.99%, leading to a substantially lower LTIR (€ 130 million less than 2011)
- Operational result after tax and non-controlling interests was in line with third quarter guidance: € 404 million (2011: € 480 million)²
- IFRS result after tax and non-controlling interests: € -1,495 million (2011: € -183 million)

The operational result came at € 404 million, 16% lower than the € 480 million in 2011 and in line with guidance in our third quarter interim statement 2012. 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 was higher, notably in Asset Management and Other. Technical result in Life was stable compared to the record year 2011. In order to better reflect our adjusted asset allocation, 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 from 1 January 2012 onwards. The operational result 2011 was restated accordingly.

The volatility of financial markets was reflected in the Group's IFRS result, which suffered a negative impact from a sharp decline in the yield curve. Combined with the largely marked-to-market balance sheet, this led to an IFRS result after tax and non-controlling interests of € -1,495 million, versus € -183 million a year earlier. This was fully 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.

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The above again underlines the volatility of results in our marked-to-market IFRS accounting, in which interest rate and measurement effects play a major role. As stated previously, Delta Lloyd Group considers the operational result to be a more relevant measure of its performance.

Risk return management

- Track record of action taken when needed
- Successfully discovering yield
- Exposure to southern Europe and Ireland further reduced

Our marked-to-market valuation immediately gives clear incentive to take action in a volatile market environment. We are increasingly focusing on non-Euro countries with Euro denominated bonds (e.g. Canada, Australia). Our defensive real estate portfolio (mainly upmarket rented houses/apartments, stores and small offices) amounts to € 2.8 billion.

Delta Lloyd showed good returns at a running yield of 3.6%, which is well above discount rates used in liabilities (1.99%). The return of our own risk portfolio¹¹ tracks our benchmark (10.4%) reflecting a very strong performance on fixed income. This is offset by an underperformance on Dutch mid and small cap equities, while protecting the down side through hedges. Our equity position is hedged mainly by Euro Stoxx 50/AEX against a Euro crisis scenario. This does not fully correlate with Delta Lloyd's investment portfolio in mid and small cap stocks. The notional amount hedged is € 3.0 billion (year-end 2011: € 2.4 billion puts and € 0.2 billion futures).

Interests in southern Europe and Ireland

The exposure to sovereign and sub-sovereign bonds from Greece, Italy, Ireland, Portugal and Spain decreased further to € 59 million from € 71 million at half-year 2012 and € 178 million year-end 2011. At year-end, there was no (sub-) sovereign exposure on Greece, Ireland and Portugal.

Equity and solvency at year-end 2012

- IGD group solvency and BIS ratio show solid capital position
- IGD group solvency at January 2013: 185%
- Shareholders' funds decreased to € 2,306 million (year-end 2011: € 3,866 million) mainly due to 200 basis points decline in Collateralised AAA curve impacting the value of liabilities, which is only partly offset by increase in value of assets
- Based on more traditional accounting shareholders' funds after non-controlling interests year-end 2012: € 3,679 million
- Tangible capital: 84%

Equity and solvency			
<i>(in millions of euros, unless otherwise stated)</i>	2012	2011	Change
Shareholders' funds after non-controlling interests	2,306	3,866	-40%
- of which 'hard' capital (tangible assets)	1,930	3,433	-44%
IGD group solvency	177%	174%	3pp
Regulatory solvency insurance entities	212%	206%	6pp
BIS ratio	13.9%	12.1%	1.8pp
Core Tier 1 ratio	10.6%	8.9%	1.7pp

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Shareholders' funds on the largely marked-to-market balance sheet of Delta Lloyd decreased as at 31 December 2012 to € 2,306 million (year-end 2011: € 3,866 million). 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 (€ 4.7 billion), which was only partly compensated by an increase in value of assets. At the 10-year point, the Collateralised AAA curve has decreased 200 basis points, while the ECB AAA curve has dropped 94 basis points. The lower Collateralised AAA curve led to higher insurance liabilities and hence to lower shareholders' funds.

The BIS ratio of Delta Lloyd Bank increased to 13.9%, compared to 12.1% at year-end 2011, while the Core Tier 1 ratio of Delta Lloyd's banking operations improved to 10.6% (year-end 2011: 8.9%). The improvement in both ratios was achieved due to strengthening of the shareholders' funds of Delta Lloyd Bank by Delta Lloyd Group (€ 100 million).

Accounting transparency

The insurance liabilities would be substantially lower – and shareholders' funds substantially higher – if calculated on more traditional accounting principles as generally used in the insurance market. Based on these principles, shareholders funds' after non-controlling interests would have been € 3,679 million (2011: € 3,883 million) at year-end 2012, compared to € 2,306 million reported.

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 84%. The solid capital position also finds expression in the regulatory (IGD) solvency at group level which increased to 177% as at year-end 2012 (year-end 2011: 174%). The average regulatory solvency for the insurance activities rose to 212% (year-end 2011: 206%). The regulatory solvency for Delta Lloyd Levensverzekering NV increased to 227% (year-end 2011: 200%).

New mortality table AG2012: effect -7% on IGD group solvency

Delta Lloyd decided to apply the AG2012 mortality table for calculating the longevity reserve as from year-end 2012. This table better reflects the demographics of our portfolio, a fuller explanation for switching to the AG2012 mortality table is outlined in the footnote¹². The AG2012 mortality table is also applied as best estimate assumption in the liability adequacy test (LAT), which directly affects Delta Lloyd's solvency position. The impact for the IGD group solvency was -7%.

The sensitivities as at year-end 2012 are set out below. Delta Lloyd Group has become sensitive to an increase in interest rates, due to the introduction of the ultimate forward rate methodology in the ECB AAA curve, increased fixed income exposure and improved hedging.

A limitation in the sensitivity analyses below is that they represent hypothetical market movements. They assume that all interest rates move in an identical direction (parallel increases or decreases), while this may not be the case in practice. Furthermore, 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 of any actual market movement occurring. The financial risk management strategy aims to minimise the exposure to market fluctuations. The techniques used include selling investments, changing investment portfolio allocation and using financial instruments.

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Sensitivities for IGD Group available capital		
<i>(in millions of euros, unless otherwise stated)</i>	2012	2011
ECB AAA interest rate (10-year point)	1.74%	2.68%
Interest rate risk		
+ 100 bps	-215	151
- 100 bps	929	-449
Credit risk		
+ 50 bps	-225	-153
- 50 bps	239	165
Equity risk		
+ 10%	155	228
- 10%	-131	-222
Property		
+ 10%	135	158
- 10%	-135	-158

S&P ratings: stable outlook maintained

S&P ratings: stable outlook	
Delta Lloyd Levensverzekering NV	A
Delta Lloyd Schadeverzekering NV	A
Delta Lloyd NV	BBB+
Delta Lloyd Treasury BV	BBB+

Standard & Poor's reaffirmed all existing ratings of Delta Lloyd Group in the third quarter of 2012, a clear indication of the company's strength amidst deteriorating financial and economic market conditions.

Employees

Number of employees		
<i>(in FTE)</i>	2012	2011
Permanent	5,276	5,401
Temporary	508	545
Total number of employees	5,784	5,946

Delta Lloyd Group employs 5,276 staff (FTE)¹³ of which 3,966 in the Netherlands and 1,110 in Belgium. The number of employees slightly decreased (- 3%) compared to the end of 2011; the number includes the employees from the acquired ABN AMRO Bank intermediary activities. At Delta Lloyd Group, the "New World of Work" is being introduced under the name 'Sterk Werk'. All business divisions in Amsterdam and Arnhem have started changing over to this concept. In the spring, a new two-year CAO (Collective Labour Agreement) and Social Plan were reached.

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Strategy update

- Distribution strengthened through long term agreements with strong partners
- Excellent access to capital markets
- Aviva sell-down: Delta Lloyd's free float now over 99%
- Delta Lloyd in BEL20 index as of 18 March 2013

On 5 July 2012, Aviva announced it would place 25 million shares (14.4% of all ordinary shares) with institutional investors through an accelerated book-building process. This was increased to 37.2 million shares (21.4% of the ordinary shares) due to strong investor demand. After the placement, Aviva's remaining stake in the Delta Lloyd Group was less than 20% of the outstanding common shares while Delta Lloyd's free float increased to approximately 80% at 31 December 2012.

On 8 January 2013, Aviva placed its remaining 34.3 million shares (19.4% of the ordinary shares) with a diverse group of institutional investors through another accelerated book-building process. This placement was also substantially oversubscribed, again reflecting investor interest in Delta Lloyd's shares. These placements were in agreement with Delta Lloyd's wish to gain full financial independence from Aviva. After the final placement, Delta Lloyd Group became a fully autonomous publicly-traded company, with a free float of over 99%.

Delta Lloyd has a cross-listing at NYSE Euronext Brussels since 23 January of this year. As of 18 March 2013, Delta Lloyd Group is to be included in Belgium's leading BEL20 index.

Access to capital markets

Delta Lloyd Group proved it has excellent access to the capital markets. In 2012, in addition to the above mentioned placements this was illustrated by a successful placement of a € 500 million subordinated loan and a securitisation transaction. The subordinated notes were placed by Delta Lloyd Levensverzekering NV with a wide group of investors at a 9% coupon. The notes are compliant with the latest draft Solvency II requirements, and qualify as Tier 2 capital for Delta Lloyd. Delta Lloyd has no short or medium term financing requirements.

In December, Amstelhuys securitised a portfolio of Dutch residential mortgage loans for an amount of € 700 million under the name Arena 2012-I, with strong demand from investors.

Distribution strengthened

In 2012, we made good progress on improving our distribution strength. Delta Lloyd Group acquired the intermediary activities in the commercial general insurance segment for the Small and Medium-Sized Enterprise of ABN AMRO Bank, which have been integrated in ABN AMRO Insurance. In September 2012, Delta Lloyd Group and Deutsche Bank entered into a 30-year agreement for the exclusive distribution of pension products to customers of Deutsche Bank through the Delta Lloyd Group labels. BeFrank, the joint venture between BinckBank and Delta Lloyd, will become the exclusive partner of Deutsche Bank for commercial customers interested in taking out a group pension plan at a Premium Pension Institution (PPI). In Belgium, Delta Lloyd set up an exclusive agreement with CRELAN (Landbouwkrediet/Centea) for the distribution of life insurance and pension products. This will considerably boost Delta Lloyd's commercial strength in Belgium. The joint venture (FBA Holding BV) between Delta Lloyd Group and Friesland Bank was terminated in 2012 as a result of the takeover of Friesland Bank by Rabobank Netherlands. This resulted in a small book gain.

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Customer centricity

- As a result of better service delivery, customer satisfaction improved in 2012
- Review of entire product portfolio completed, improvement plans started
- Delta Lloyd ranked first as pension provider in IG&H consultants annual review of Dutch market
- Quality insurance mark for all labels retained

Among the achievements of our Customer Centric programme in 2012 were the launch of a project to improve the quality of our advice to customers and efforts to improve our claim handling processes. We also started developing a policy on customer research, aimed at gathering insights to help us develop new products and further improve customer centricity. We completed a review of our entire product portfolio in 2012, which led to several insights and plans for improvements. We began implementing these improvements in 2012, which will continue in 2013.

All labels retained the Customer Insurance Quality Label issued by 'Stichting Toetsing Verzekeraars', an independent foundation dedicated to promoting trust in the insurance sector among retail and corporate customers. The quality label was awarded for the first time in 2010.

At Delta Lloyd Life in the Netherlands, we have created 'customer teams' which provide increased customer satisfaction and more efficiency (through digital workflows). Delta Lloyd Life ranked first as pension provider in IG&H annual review of the Dutch market, a result of the continuous improvements made in customer service.

In the Dutch market, the introduction of several legal and regulatory measures have had an effect on the products and services, e.g. customer agreed remuneration, gender neutral rates, the raise in insurance tax and mortgage rates based on market value instead of assessed value. Delta Lloyd managed to successfully implement all measures before 1 January 2013.

Progress on sustainability

- Delta Lloyd Group founding signatory of UN Principles for Sustainable Insurance (PSI)
- Nominated as 'top scoring' company ('2013 RobecoSAM Bronze Class') in insurance in DJSI assessment
- Delta Lloyd Foundation: over 600 volunteers in 2012
- Responsible investment: In 2012, 55% of total assets under management classified as responsible investment (2011: 54%)

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. It is Delta Lloyd Group's aim to be included in the Dow Jones Sustainability Index (DJSI). Delta Lloyd Group obtained a strong score in the 2012 DJSI self-assessment and rose to 75 points from 69 points in the 2011 assessment. Although Delta Lloyd is not formally included in the DJSI, we have been recognised as one of the 'top-scoring companies' in the insurance business ('2013 RobecoSAM Bronze Class').

The Delta Lloyd Foundation is dedicated to improving financial self-reliance and financial awareness, particularly among vulnerable groups. In this connection Delta Lloyd launched BASTA ('*Bedrijven Amsterdam Samen Tegen Armoede*'), a joint initiative of Delta Lloyd and other large businesses in

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Amsterdam, at the start of this year. The aim is to fight poverty in the city and make people more financially self-reliant.

In 2012, over 600 employees were active as volunteers for Delta Lloyd Foundation, an increase of nearly 20%. Employee activation is the principal objective of the Foundation. In October 2012 an e-learning platform was launched, which helps employees prepare for their role as volunteers for the Foundation.

Segments

Life

- Market leadership in new pension business consolidated, NAPI: € 401 million
- Improved business mix as proportion of regular premiums increased
- BeFrank: over 70 contracts signed, representing 10,000 employees
- Delta Lloyd Life in Belgium: gross written premiums up 11% to € 839 million.

Life Insurance			
<i>(in millions of euros)</i>	2012	2011	Change
Total gross written premiums (excluding Germany)	3,266	3,978	-18%
- Netherlands	2,427	3,223	-25%
- Belgium	839	755	11%
NAPI	401	475	-16%
Operational result after tax and non-controlling interests	319	402	-21%
IFRS result after tax and non-controlling interests	-1,175	-43	n.m.

Life gross written premium decreased by 18% to € 3,266 million compared to 2011, which was a record year (2011: € 3,978 million). As a consequence of low interest rates, fewer large group contracts were signed in 2012 than a year earlier, which was strongly influenced by one large single premium pension contract (€ 541 million). Therefore NAPI (€ 401 million) is lower than in the previous year (€ 475 million). However, Delta Lloyd consolidated its market leadership in new pension business in the Netherlands in 2012. New business was profitable, the overall Internal Rate of Return (IRR) in 2012 was 8%. Moreover, the business mix improved as a greater part of the premiums came from regular annual premiums. The pipeline for new group contracts remains strong, as is our market position. In Belgium, Delta Lloyd Life gross written premium increased by 11% to € 839 million (2011: € 755 million).

Technical result in Life was stable, compared to the record year 2011. The operational result was impacted by lower LTIR, due to lower shareholders' funds and lower interest rates, resulting in a decrease in operational result of -21%.

BeFrank

BeFrank, the joint venture between Delta Lloyd and BinckBank, was successful in signing new contracts and in growing its defined contribution portfolio. Over 70 companies, with a total of 10,000 employees, have opted for BeFrank until now. In March, BeFrank received ISAE 3402 type II certification which ensures internal processes of high quality. In September, BeFrank launched the first ever app with which customers can have real-time insight in their pensions. And at the end of the year all BeFrank's services were available in English, ready for further expansion.

German activities

In November 2012, Delta Lloyd Group cancelled the sale of its German activities to Nomura. Delta Lloyd intends to continue to run its German operations as a 'run-off' business, and will explore strategic options in Germany. The German operations were profitable in 2012.

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Life European Embedded Value (EEV)

Development Embedded Value		
<i>(in millions of euros)</i>	2012	2011
EEV at 1 January	4,890	4,736
Value of new business	57	46
Value of in-force business	285	738
Operating earnings (LEOR)	342	784
Exceptional items	-	-81
Economic variance	-648	-538
Capital (re)allocation	-374	-11
Life EEV at 31 December	4,210	4,890

The low yield environment and the introduction of the new AG2012 mortality table have offset positive operating earnings. Together with the movement of Delta Lloyd Germany (€ 210 million) to non-covered business (which is valued on IFRS basis), this resulted in a decrease of the Life EEV.

New business value			
<i>(in millions of euros, unless otherwise stated)</i>	2012	2011	Change
New business value	57	46	24%
Internal Rate of Return	8%	9%	-1pp
Single premiums (excluding Germany)	1,762	2,481	-29%
- Life insurance and savings	84	120	-30%
- Pensions and annuities	1,679	2,361	-29%
Regular premiums (excluding Germany)	225	227	-1%
- Life insurance and savings	28	34	-18%
- Pensions and annuities	197	193	2%

Despite the difficult circumstances, the new business value increased compared to last year whilst the IRR slipped slightly below the increased target. IRR in the Netherlands evolved positively, but Belgium lagged behind mainly due to high guarantee rates, which have been lowered in 2013.

The operational capital generation drives investment in new business and covers final and interim cash dividend taking into account the impact of the new mortality table.

General Insurance

- COR (excluding terminated and run-off activities and market interest movements) on target at 97.9%
- Structural measures taken in improving efficiency and customer satisfaction
- Measures taken in loss making business: international marine business in run-off and gradually withdrawing from WGA ER market

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General Insurance			
(in millions of euros)	2012	2011	Change
Total gross written premiums	1,385	1,380	0%
Operational result after tax and non-controlling interests	54	81	-33%
IFRS result after tax and non-controlling interests	-122	32	n.m.

The Combined Ratio (COR) was on target at 97.9% (2011: 97.0%).

Delta Lloyd Group has had to deal with loss making business in the international marine business and PHI/PA business. The underwriting in international marine business was put in run-off in the first half of 2012.

At the end of 2012, an industry wide issue arose around the assumed length of disability payments for Dutch partial disability insurance (*WGA ER: 'Werkhervatting Gedeeltelijk Arbeidsgeschikten - Eigen Risico'* - Commercial own risk insurance for (partial) disability) with an effect of € -60 million (non-operational). Another effect (€ -41 million operational) is due to the persistent adverse economic situation leading to higher inflow of disability claims, resulting in a total additional provision of € 101 million. We have taken measures to terminate losses and will gradually withdraw from this market, due to the non-sustainable business model and in view of the upcoming changes in legislation (2016).

The programmes within General Insurance aimed at the simplification of processes and IT systems and at increasing efficiency proved successful in 2012. In the General Insurance segment, structural improvements were realized resulting in lower costs, more *straight through processing* and automation and growing customer satisfaction.

General insurance portfolio in Belgium

Delta Lloyd has announced the sale of its Belgian general insurance portfolio to Fidea. Due to insufficient scale, the general insurance portfolio in Belgium was loss-making and not a core business for Delta Lloyd. The general insurance portfolio of Delta Lloyd in Belgium comprises fire, motor and accident insurance, with total premium income of € 54 million in 2011. Fidea's general insurance products will be distributed exclusively through Delta Lloyd bank branches in Belgium.

Banking

- Decrease in operational result due to lower interest margins
- Margin above volume strategy decreases savings' balances in last quarter as well as lower new mortgages
- 'Banksparen' balances up 46%, growth flattening in last quarter

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Bank			
<i>(in millions of euros)</i>	2012	2011	Change
Total mortgage portfolio	16,192	16,282	-1%
- Netherlands	12,582	12,375	2%
- Belgium	3,610	3,907	-8%
Mortgage origination	683	1,913	-64%
- Netherlands	514	1,513	-66%
- Belgium	169	400	-58%
Savings (excluding banksparen)	5,577	6,375	-13%
- Netherlands	1,557	2,236	-30%
- Belgium	4,020	4,139	-3%
Banksparen balances	1,789	1,227	46%
Operational result after tax and non-controlling interests	-11	34	n.m.
IFRS result after tax and non-controlling interests	-61	-11	n.m.

The operational result for Bank was negative: € -11 million, due to a decrease in interest margins. In mortgage origination, margins were good but the volume of new mortgages was more than 60% lower than in 2011, which was in line with market volumes in the Netherlands and the commercial strategy to aim for low risk mortgages, to ensure margin above volume. The mortgage portfolio in Belgium decreased, due to the focus on margin. The Delta Lloyd portfolio is of high quality, with minimal arrears. Maintaining this quality is a key focus in mortgage origination.

At year-end 2012, the total amount of savings was € 5,577 million, 13% lower than a year earlier (€ 6,375 million), as margin was preferred above volume when market interest rates fell. The demand for tax-efficient 'banksparen' products as an alternative to individual life products continued to grow, although growth flattened in the last quarter. In 2012, the 'banksparen' balances expanded compared to year-end 2011 by € 562 million to a total of € 1,789 million.

Asset management

- Higher operational result due to higher performance fees and treasury income
- Return of own risk portfolio at our benchmark: 10.4%
- Development of share classes for funds to be distributed without retrocession fee

Asset Management			
<i>(in millions of euros)</i>	2012	2011	Change
Operational result after tax and non-controlling interests	48	38	26%
IFRS result after tax and non-controlling interests	44	34	30%

The operational result of Asset Management improved by 26%, due to higher performance fees, higher treasury income and lower expenses.

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There was an outflow of money at Asset Management of € -344 million (2011: inflow € 1,108 million). As some of our institutional clients prefer more passive asset management under current market conditions, low margin institutional contracts were partly replaced by more profitable retail funds, in particular through increased sales through third parties. Delta Lloyd Asset Management is currently working on creating share classes for investment funds, which can be distributed through retail banks without retrocession fee.

Asset Management showed a very strong performance on fixed income, but investments in Dutch mid and small cap equities lagged behind.

Total asset under management as at 31 December			
<i>(in millions of euros)</i>	2012	2011	Change
Total assets under management	79,113	73,917	7%

Other

- Operational result improved due to provision releases, higher LTIR and lower pension charges
- Better margins and higher fee income at Health

Other			
<i>(in millions of euros)</i>	2012	2011	Change
Operational result after tax and non-controlling interests	-6	-75	n.m.
IFRS result after tax and non-controlling interests	-182	-194	n.m.

The Other segment consists mainly of holding company overheads, interest expenses and the result of Amstelhuys, the run-off healthcare business and the commercial result of the healthcare label activities. Operational result of the Other segment improved, due to provision releases, higher LTIR and lower pension charges and finance costs. The net result of the label Health activities increased to € 12 million, through better margins and higher fee and commission income and more new customers for OHRA health insurance products.

Dividend

Based on the operational result after tax and non-controlling interests, Delta Lloyd Group proposes to pay out for the fiscal year 2012 € 1.03 per ordinary share, a total of € 180.6 million. The total interim dividend made payable for 2012 was € 0.42 per share or € 72.8 million. This means that the final dividend for 2012 amounts to € 0.61 per share or € 107.8 million. 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 investors 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 12 June 2013 to opt to receive the dividend in cash or shares.

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The number of shares giving entitlement to one new ordinary share (with a nominal value of € 0.20) will be set after 5.30 pm on 12 June 2013, based on the weighted average closing price on NYSE Euronext Amsterdam in the five trading days from 6 June 2013 up to and including 12 June 2013. The dividend will become payable on 20 June 2013.

Dates for 2012 final dividend

27 May 2013	Ex-interim dividend
29 May 2013	Registration date
30 May 2013	Start of election period
12 June 2013	End of election period
20 June 2013	Payment date

Financial calendar 2013

4 April 2013	Publication of online financial and sustainability annual report 2012, Publication Embedded Value report 2012
2 May 2013	First quarter 2013 Interim Management Statement
23 May 2013	Annual General Meeting
27 May 2013	Ex dividend date
7 August 2013	Publication results first six months of 2013
9 August 2013	Ex dividend date (interim dividend)
4 September 2013	Payment date
6 November 2013	Third quarter 2013 Interim Management Statement
27 November 2013	Investor and Analyst Day

All these dates are provisional. The most up-to-date calendar can be found at www.deltalloydgroep.com.

Want to know more about this press release?

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Presentation of the results for 2012

On Thursday 28 February 2013 at 9.30 am CET, Niek Hoek (CEO) and Emiel Roozen (CFRO) will host a conference call for the media. They will give a presentation for analysts at 11.30 am CET; the presentation can also be viewed via webcast on our site.

Media conference call: 28 February 2013, 09.30 am (CET)
Conference call: +31 20 - 531 58 42 (Dutch language)

Analyst presentation: 28 February 2013, 11.30 am (CET)
Conference call: +31 20 - 531 58 69 (English language)

Location: Delta Lloyd Group, Amstelplein 6, 1096 BC Amsterdam

This press release and the financial supplement 2012 are available in English and a Dutch translation at www.deltalloydgroep.com. The analyst presentation is also available at www.deltalloydgroep.com.

Explanation on restated 2011 figures

Delta Lloyd adopted some changes in calculation and presentation and in segment reporting in 2012. In this section the relevant changes are summarised. All relevant 2011 figures in this press release have been restated accordingly.

- On 5 June, the European Union adopted the amendment to IAS 19 for the own employee pension fund. Delta Lloyd Group opted for the early adoption of this amendment from 1 January 2012. As a result the restated IFRS result before tax for year-end 2011 increased by € 173.3 million and the IFRS result after tax and non-controlling interests for year-end 2011 increased by € 130.2 million compared to the reported figures. Finally shareholders' funds full year 2011 (excluding non-controlling interests) are restated to € 3,866 million from € 3,860 million.
- Operating Expenses for 2011 in this press release have been adjusted for the sale of the Delta Lloyd Belgium General Insurance portfolio to € 840 million from € 851 million (€ 11 million lower than reported).
- The comparative figures for the 2011 operational result are restated for the changes due to the terminated underwriting in the international marine business, the interest effects on long-term income insurance, the adjustment of the liquidity premium (risk margin) on mortgages and the sale of the Delta Lloyd Belgium General Insurance Portfolio. The positive effect on the comparative operational result for 2011 is € 42 million, bringing the total operational result for 2011 to € 480 million instead of the € 438 million reported last year.

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- As a result of the terminated underwriting of international marine business, the exclusion of the interest effect on the Income portfolio and the exclusion of the Delta Lloyd Belgium General Insurance portfolio, the Combined Operating ratio for full year 2011 has been restated to 97.0% from 99.8% reported earlier.
- Gross written premium in this press release is adjusted for terminated underwriting of international marine business and the sale of Delta Lloyd Belgium General Insurance and restated for full year 2011 to € 5,358 million from € 5,529 million (€ 171 million lower than reported).
- The IGD sensitivities as of year-end 2012 and year-end 2011 are all based on local Solvency I guidelines, instead of using a single consolidated approach.

More information

- This press release contains the preliminary 2012 annual figures for Delta Lloyd NV (Delta Lloyd Group), inclusive of Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering, ABN AMRO Verzekeringen, Delta Lloyd Life Belgium, Delta Lloyd Bankengroep and Delta Lloyd Deutschland.
- As the German business is in run-off and no commercial activities are undertaken by the German business, Delta Lloyd Germany is excluded from the volume based KPI's (Gross Written Premium and New Business) in this press release. In all other KPI's Delta Lloyd Germany is included, as the run-off results of the German operations will be recorded in the books of Delta Lloyd.
- The results and income of the ABN AMRO Verzekeringen joint venture are fully consolidated in the figures. Adjustment for the 49% interest of ABN AMRO Bank Netherlands is included in 'non-controlling interests' in the consolidated income statement.
- The figures in this press release have not been audited. They are partly based on the enclosed financial supplement 2012 and partly on internal management information reports.
- The financial supplement 2012 in the appendix contains the most important financial data from the preliminary consolidated financial statements for 2012. This financial supplement was approved by the Supervisory Board on 27 February 2013. These figures have not been audited nor reviewed by an external auditor. The 2012 financial statements will be adopted at the General Meeting of Shareholders on 23 May 2013.
- The 2012 annual report of Delta Lloyd Group – including the consolidated financial statements – is exclusively available online from 4 April 2013 via www.deltalloydgroep.com and on our Investors and Media iPad app. This is an integrated report, comprising both the financial and sustainability report and will be published in English. A Dutch summary will be available on our website in PDF.
- The 2012 Embedded Value report of Delta Lloyd Group will be available on our website in PDF from 4 April 2013.

About Delta Lloyd Group

Delta Lloyd Group is a financial services provider offering life insurance, general insurance, asset management and banking products and services. Delta Lloyd Group's target markets are the Netherlands and Belgium. The Group operates primarily under the brand names of Delta Lloyd, OHRA and ABN AMRO Insurance in the Netherlands, and under the Delta Lloyd brand name in Belgium. Delta Lloyd Group employs 5,276 permanent staff (FTE) of which 3,966 in the Netherlands and 1,110 in Belgium and is listed on NYSE Euronext Amsterdam and Brussels.

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 Group'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 Group 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 Group 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 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 Annual Report for the year ended 31 December 2011 for a description of certain important factors, risks and uncertainties that may affect Delta Lloyd Group's businesses.

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

² Restated from € 438 million reported

³ Excluding terminated and run-off activities, see 'Explanation on restated 2011 figures'

⁴ 2011 operating expenses restated, see 'Explanation on restated 2011 figures'

⁵ 2011 operational result restated, see 'Explanation on restated 2011 figures'

⁶ 2011 IFRS result restated, see 'Explanation on restated 2011 figures'

⁷ Combined ratio (COR) 2012 is excluding terminated and run-off activities and market interest movement, 2011 Combined ratio (COR) restated, see 'Explanation on restated 2011 figures'

⁸ In Dutch called: WGA ER

⁹ CRELAN is the new name for Landbouwkrediet/Centea

¹⁰ Excluding the costs of the acquired ABN AMRO Bank intermediary activities

¹¹ Excluding mortgages, loans and cash

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¹² Delta Lloyd Group used the CBS2010 mortality prognosis. On 13 December 2012, CBS published the 2012- version. Delta Lloyd Group decided not to use this table as it incorporates mortality from other European countries in the mortality model. This results in Dutch mortality converging to a European average, a trend that we cannot confirm with our own analysis. Furthermore, the use of causes of death in the prognosis was largely set aside in the CBS2012 table. For us, the incorporation of causes of death in the mortality prognosis was an important reason to use the CBS2010 mortality table in the past two years. Delta Lloyd Group decided to use the AG2012-2062 mortality prognosis from year-end 2012, since this table is based on more up-to-date mortality figures compared to the previously used CBS2010 prognosis. One of the main strengths of the AG2012 mortality prognosis is that it is solely based on historic mortality figures in the Netherlands (when compared to the CBS2012 table). This makes it transparent, reproducible, and suitable for the Dutch population. It also incorporates a strong longevity trend for the first upcoming years in order to adequately capture the current accelerating longevity trend, occurring in Dutch mortality rates since 2002.

¹³ Delta Lloyd Germany employs 200 permanent staff (FTE)